

Review of Daufuskie Island Utility Company, Inc. Performance Bond, Rates and Refunds

April 30, 2018



Contact:

Willie J. Morgan, P.E.

wmorgan@regstaff.sc.gov

South Carolina Office of Regulatory Staff

1401 Main Street
Suite 900
Columbia, SC 29201
(803) 737-0800

Table of Contents

Purpose	2
Background	3
ORS Review	4
Rate Verification	4
Refund Verification.....	5
Attachment List	7
Attachment A: ORS Audit Information Request.....	7
Attachment B: DIUC Response to ORS Audit Information Request.....	7
Attachment C: DIUC Rate Schedule applied under Order No. 2016-156	7
Attachment D: Rate Schedule submitted by DIUC 12/22/17	7
Attachment E: Rate Schedule submitted by DIUC 3/28/18.....	7
Attachment F: Filing by DIUC 01/16/18.....	7

Purpose

On March 19, 2018, the South Carolina Office of Regulatory Staff (ORS) indicated it had not completed a thorough review of Daufuskie Island Utility Company, Inc. (DIUC or Company) to ensure the Company is complying with Commission orders and that all refunds had been properly issued. On March 21, 2018, the Public Service Commission of South Carolina (PSC or Commission) issued Order No. 2018-208, which in part, requested ORS complete its review by April 30, 2018.

ORS prepared this Report in response to Commission Order No. 2018-208.

Background

According to the Commission Directive issued on December 20, 2017, in Docket No. 2014-346-WS, the Company should share with the Parties to the Docket its rate design, and those parties should verify the rates filed by DIUC are consistent with the Commission Order. Additionally, the Directive required the Company to “issue refunds, pursuant to S.C. Code Ann. § 58-5-240, consisting of the difference between the amount allowed by this Order and the full amount originally requested by the Company, along with 12% interest.” The Commission issued its Order on Rehearing, Order No. 2018-68, on January 31, 2018, which reiterated the points contained in the previous Directive.

On February 20, 2018, the Company filed a Petition for Reconsideration of Commission Order No. 2018-68. The Commission issued a directive on March 21, 2018, which denied the Company's Petition for Reconsideration of Commission Order No. 2018-68 and required the Company to make appropriate adjustments to cease the collection of the annual revenue that exceeds the authorized level of \$950,166. The Commission has not issued a full order on the Petition for Reconsideration of Order No. 2018-68 as of the ORS review.

On March 7, 2018, DIUC filed a motion with the PSC requesting the Commission enter an order finding that DIUC is no longer collecting rates pursuant to the bonds issued per Commission Orders 2016-156 and 2017-402(A). In addition, the Company requested the surety for the bonds be released. ORS opposed the Company's request in part because the issuance of refunds is not a settled matter, and issuing an order authorizing the surety to be released would place ratepayers at risk. The Commission held the request of DIUC in abeyance and directed ORS to complete its review by April 30, 2018.

ORS Review

On March 27, 2018, ORS requested information from DIUC to verify the rates charged by DIUC to its customers comply with Commission Order No. 2018-68. See Attachment A. DIUC provided its response to ORS on April 3, 2018. See Attachment B. In conducting its review, ORS utilized the information provided by DIUC in Attachment B and other information¹ filed by DIUC in Docket No. 2014-346-WS.

Rate Verification

ORS determined that DIUC customers were billed by the Company from April 2016 through March 2018 under three (3) different rate schedules. A schedule of the billing cycle and rate schedule is reflected on Table 1.

Table 1: Rates Charged to DIUC Customers

Service Period		Bill Issuance Date	Rate Schedule Applied by DIUC
Starting	Ending		
4/1/2016	6/30/2016	Jul-16	Attachment C
7/1/2016	9/30/2016	Oct-16	Attachment C
10/1/2016	12/31/2016	Jan-17	Attachment C
1/1/2017	3/31/2017	Apr-17	Attachment C
4/1/2017	6/30/2017	Jul-17	Attachment C
7/1/2017	9/30/2017	Oct-17	Attachment C
10/1/2017	12/31/2017	Jan-18	Attachment D
1/1/2018	3/31/2018	Apr-18	Attachment E

¹ DIUC objected to the March 27, 2018, requests made by ORS and in many of its responses cited to documents previously filed with this Commission.

Based on the ORS review, it appears DIUC incorrectly billed its customers in January 2018. The revenues billed by DIUC under the rate schedule contained in Attachment D exceeded the authorized level of \$950,166 as specified in Commission Order 2018-68. See Table 2 for the ORS analysis. DIUC's calculation information shown in Attachment E demonstrates the Company did not exceed the approved revenue increase of \$950,166 with its April 2018 billing. However, ORS could not verify DIUC refunded its customers for the difference between the \$955,136 billed by DIUC in January 2018 and the \$950,166 approved by the Commission in Order 2018-68.

Table 2: ORS Analysis of Billed Revenue

Date	Action	Amount of Increase
June 9, 2015	DIUC Increase in Revenue Requested	\$1,182,301
April 1, 2016	DIUC Increase in Revenue Implemented under Bond	\$1,182,301
December 20, 2017	DIUC Increase in Revenue Billed after PSC Directive Issued	\$955,136
January 31, 2018	DIUC Increase in Revenue Billed after PSC Order No. 2018-68 Issued	\$955,136
March 21, 2018	DIUC Increase in Revenue Billed after PSC Directive Issued	<\$950,166

Refund Verification

S.C. Code Ann. § 58-5-240(D) specifies the way a utility shall refund customers in the situation where rates are approved under a bond by the Commission:

...[a]ll increases in rates put into effect under the provisions of this section which are not approved and for which a refund is required shall bear interest at a rate of twelve percent per annum.

The interest shall commence on the date the disallowed increase is paid and continue until the date the refund is made.

In all cases in which a refund is due, the Commission shall order a total refund of the difference between the amount collected under bond and the amount finally approved.

DIUC asserts it calculated and issued credits to its current/active customers during the periods of January 2018 and April 2018. ORS could not verify whether DIUC properly refunded all current/active customers the correct difference between the rates put into effect under the bond and the rates approved by the Commission in Order No. 2018-68.

In addition, ORS could not verify interest refunded by DIUC to the current/active customers equates to 12% per annum. DIUC used a unique calculation methodology to determine the amount of interest owed to each customer. The calculation method used by DIUC is referenced in Attachment B. Specifically, it appears the interest rate refund calculation that applies to customer payments in 2016 is incorrect. According to DIUC's filing with the PSC on January 16, 2018, the Company used an "adjusted interest rate of 11%." See Attachment F, page 6 of 12. The "adjusted interest rate of 11%" is not consistent with S.C. Code Ann. § 58-5-240(D). Table 3 reflects the ORS calculation of the applicable interest rate for each DIUC billing quarter in compliance with S.C. Code Ann. § 58-5-240(D). According to ORS's calculations, DIUC's current/active customers have not been refunded the correct amount.

Table 3: ORS Analysis of Interest Rate for Refunds

Quarter	Period	Interest Rate
1	July through September, 2017	3.00%
2	April through June, 2017	6.00%
3	January through March 2017	9.00%
4	October through December, 2016	12.00%
5	July through September, 2016	15.22%
6	April through June, 2016	18.53%

Additionally, ORS could not verify DIUC has taken the necessary steps to process refunds for former customers of DIUC. On April 2, 2018, ORS received an e-mail from a former DIUC customer regarding the customer's inability to obtain a refund from the Company. See Exhibit 1 of April 10, 2018, ORS filing. Furthermore, in response to ORS's AIR, DIUC stated the Company "...has not yet calculated refunds due to any former customers." DIUC also states the process to calculate refunds for former customers will be "...time consuming and expensive process..." DIUC indicates it "intends to calculate the refunds following the expiration of the time for, or the conclusion of, any appeal of the Commission's order(s) following remand." See Attachment B, pages 4-5. Based on this information, ORS cannot verify that refunds to former customers have been or will be made in a timely manner and will be accurate.

Attachment List

Attachment A: ORS Audit Information Request

Attachment B: DIUC Response to ORS Audit Information Request

Attachment C: DIUC Rate Schedule applied under Order No. 2016-156

Attachment D: Rate Schedule submitted by DIUC 12/22/17

Attachment E: Rate Schedule submitted by DIUC 3/28/18

Attachment F: Filing by DIUC 01/16/18

1401 Main Street, Suite 900
Columbia, SC 29201



Phone: (803) 737-0800
www.regulatorystaff.sc.gov

abateman@regstaff.sc.gov

Andrew M. Bateman
Counsel for ORS

March 27, 2018

VIA ELECTRONIC MAIL

Thomas P. Gressette, Jr., Esquire
Walker Gressette Freeman Linton LLC
Post Office Box 22167
Charleston, South Carolina 29413

Re: Application of Daufuskie Island Utility Company, Incorporated for Approval of an Increase for
Water and Sewer Rates, Terms and Conditions
Docket No. 2014-346-WS

Dear Mr. Gressette:

For the aforementioned docket, please find enclosed and served on you the South Carolina Office of Regulatory Staff's First Continuing Audit Information Request for Records and Information Sent Pursuant to Commission Order Nos. 2018-68 and 2018-208. Please contact me if you have any questions.

Sincerely,

Andrew M. Bateman

Encl.

IN RE: Application of Daufuskie Island Utility Company, Inc. for Approval of an Increase for Water and Sewer Rates, Terms and Conditions) South Carolina Office of Regulatory Staff's First and Continuing Audit Information Request for Records and Information Sent Pursuant to Commission Order Nos. 2018-68 and 2018-208

The South Carolina Office of Regulatory Staff (“ORS”) hereby requests, pursuant to S.C. Code Ann. §§ 58-4-55 (2015) and Commission Order Nos. 2018-68 and 2018-208, that Daufuskie Island Utility Company, Inc. (hereafter referred to as “DIUC”, or the “Company”) **provide responses in writing and under oath and serve the undersigned by April 6, 2018**, at ORS, 1401 Main Street, Suite 900, Columbia, South Carolina, 29201. If you are unable to respond to any of the audit requests, or parts thereof, in a timely manner please specify the reason for your inability to respond and state what other knowledge or information you have concerning the unanswered portion.

Page 2 of 7

“document” is used herein, it means any written, printed, typed, graphic, photographic, or electronic matter of any kind or nature and includes, but is not limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings.

Wherever in this audit request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

IT IS THEREFORE REQUESTED:

- I. That all information shall be provided to ORS in the format requested.
- II. That all responses to the audit requests below be labeled using the same numbers as used herein.
- III. Unless otherwise agreed, the requested information shall be bound in 3-ring binders with numbered tabs between each question.
- IV. That if information requested is found in other places or other exhibits, reference shall not be made to those; instead, that the information be reproduced and placed in the audit request in the appropriate numerical sequence.
- V. That any inquiries or communications relating to questions concerning clarification of the information requested below should be directed to Willie J. Morgan [803.737.0827], Dawn M. Hipp [803.737.0814], Matthew P. Schellinger [803.737.0154], Andrew M. Bateman [803.737.8440], or Jeffery M. Nelson [803.737.0823] of ORS.
- VI. That this entire list of questions be reproduced and included in front of each set of responses.
- VII. That each question be reproduced and placed in front of the response provided.
- VIII. That unless otherwise specified the Company provide three (3) paper copies/binders of responses to ORS. In addition, and if technically feasible, it is requested that the Company provide one (1) electronic version of the responses.
- IX. That all exhibits be reduced or expanded to 8 ½" x 11" format, where practical.

- X. If the response to any audit request is that the information requested is not currently available, please state when the information requested will be available and provided to the ORS. This statement is not a waiver of the deadline for all other responses.
- XI. That in addition to the signature and verification at the close of the Company's responses, the Company witness(es) or employee(s) or agent(s) responsible for the information contained in each response be indicated.
- XII. This audit request shall be deemed to be continuing so as to require the Company to supplement or amend its responses as any additional information becomes available.
- XIII. For information requested herein where the information is kept, maintained, or stored using spreadsheets, please provide electronic versions of the spreadsheets, including the formulas used and embedded in the spreadsheet.

REQUESTS:**All Customers**

- 1.1. Provide ORS with a copy of each complete rate schedule(s) used for billing customers from July 1, 2016 through December 1, 2017. Furnish the date on which bills were rendered utilizing its respective rate schedule(s).
- 1.2. Provide ORS with a copy of each complete rate schedule(s) used for billing customers from January 1, 2018 through the present. Furnish the date on which bills were rendered utilizing its respective rate schedule(s).
- 1.3. In the "NOTICE OF REFUNDS" issued to customers in January 2018, the interest presented to be added to a customer's Pre-Interest Refund Amount is shown as being calculated according to a rate of 12.3% and 13.4% for the 5th and 6th quarters, respectively. Please explain how DIUC derived at these percentage amounts. Show all calculation information detailing how these percentages tie to the required refund rate of 12% per annum.
- 1.4. Complete the attached excel table for each of the premises listed in the sample set provided. If the account holder changed during the billing period identified, please indicate.
- 1.5. Provide ORS with a copy of DIUC's applicable rate schedule currently being used for billing customers.

Former Customers of DIUC

- 1.6. Were all excess monies owed to former customers (former account holders who no longer have an active account with DIUC) of DIUC refunded? If not, were the monies provided to the State of South Carolina pursuant to the "Uniform Unclaimed Property Act" (S.C. Code Ann. Section 27-18-90(B))? If not, why not?
- 1.7. Identify the amount returned to each former account holder and identify the amount provided to the State in the form of unclaimed property, if applicable. Include each account holder's name, address, date refund returned or escheated to the State, and the amount of the refund. Provide response in MS excel format.
- 1.8. If refunds have not yet occurred, does DIUC plan to make refunds to these former account owners and/or provide the refunds to the State of South Carolina? If so, when? Include each account holder's name, address, date of planned refund to customer or escheated to the State, and the amount of the planned refund. Provide response in MS excel format.

/S/

Andrew M. Bateman, Esquire
Jeffery M. Nelson, Esquire
South Carolina Office of Regulatory Staff
1401 Main St., Ste. 900
Columbia, SC 29201
Phone: (803) 737-8440
(803) 737-0823
Email: abateman@regstaff.sc.gov
jnelson@regstaff.sc.gov

March 27, 2018

Acct No.	First Name	Last Name	Address	Classification	Service Area	Consumption (Gallons)						
						Water/Sewer						
						3rd Qtr 2016	4th Qtr 2016	1st Qtr 2017	2nd Qtr 2017	3rd Qtr 2017	4th Qtr 2017	1st Qtr 2018
HP1001		HPCCA	BEACH CLUB	COMMERCIAL	HAIG POINT							
B-42701		SANDY LANE CONDOS	SANDY LANE CONDOS - IRRIG	COMMERCIAL	BLOODY POINT							
HP1001		HPCCA	9523 PLAT 11 ID	RESIDENTIAL	HAIG POINT							
HP1001		HPCCA	9531 PLAT 11 ID - 9531	RESIDENTIAL	HAIG POINT							
HP1001		HPCCA	10 HAIG POINT CLUB HOUSE ID	COMMERCIAL	HAIG POINT							
HP1001		HPCCA	647 HAIG POINT EQUESTRIAN CEN	RESIDENTIAL	HAIG POINT							
D-107400		SIX ESS CORPORATION	HALANDY LANE	RESIDENTIAL	HAIG POINT							
B-42150	BRIAN	MCCARTHY	BLOODY POINT - CLUBHOUSE	COMMERCIAL	BLOODY POINT							
HP1001		HPCCA	9603-1 POOL	COMMERCIAL	HAIG POINT							
HP1001		HPCCA	9620 PLANTATION HOMES	COMMERCIAL	HAIG POINT							
B-41181		DAUFUSKIE BEACH PROPERTY LLC	FUSKIE LANE	RESIDENTIAL	BLOODY POINT							
D-207600		MMS PROPERTIES	SEA ISLAND LANE	RESIDENTIAL	HAIG POINT							
HP1001		HPCCA	GOLF MAINTENANCE AREA-WAS	COMMERCIAL	HAIG POINT							
D-139100	JON	FLASK	LAKE RIDGE COURT	RESIDENTIAL	HAIG POINT							
D-700919	JORGEN	MOLLER	FREEPORT DRIVE	RESIDENTIAL	HAIG POINT							
D-120200	THOMAS	BEULE	MARSH LAKE LANE	RESIDENTIAL	HAIG POINT							
D-171300	CHRISTOPHER	CANDAU	RANGE OVERLOOK	RESIDENTIAL	HAIG POINT							
HP1001		HPCCA	GOLF MAINTENANCE AREA-WAS	COMMERCIAL	HAIG POINT							
HP1001		HPCCA	23-Tee REST STATION	COMMERCIAL	HAIG POINT							
B-40420	MAHER	HABASHI	FUSKIE - SEA OAK MANOR	COMMERCIAL	BLOODY POINT							

Consumption (Gallons)										Customer Charges (Dollars)								Amount Refunded/Credited Customer	Issue Date of Customer Refund/Credit
Irrigation										Water/Sewer/Irrigation									
3rd Qtr 2016	4th Qtr 2016	1st Qtr 2017	2nd Qtr 2017	3rd Qtr 2017	4th Qtr 2017	1st Qtr 2017	2nd Qtr 2017	3rd Qtr 2017	4th Qtr 2017	1st Qtr 2016	2nd Qtr 2016	3rd Qtr 2016	4th Qtr 2016	1st Qtr 2017	2nd Qtr 2017	3rd Qtr 2017	4th Qtr 2017	1st Qtr 2018	

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2014-346-WS

THE PUBLIC SERVICE COMMISSION OF

DOCKET NO. 2014-346-WS

**TO: ANDREW M. BATEMAN, ESQUIRE AND JEFFERY M. NELSON, ESQUIRE
THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF**

The hearings on this matter have concluded and discovery has ended. The cited Commission Orders do not authorize additional discovery in this case. The cited statute, S.C. Code § 54-4-55, likewise does not authorize ORS to propound the Requests in the format and under the case caption for DIUC's rate application. Because the Requests are not part of a contested case

proceeding, DIUC is entitled to and hereby does raise objections to the Requests pursuant to the South Carolina Rules of Civil Procedure. *See* S.C. Code § 58-4-55(B)(1).

In an effort to cooperate with the ORS, DIUC provides the following information and attachments. In doing so, DIUC does not waive and specifically reserves its rights to object to further discovery and any other positions asserted by the ORS.

- 1.1. Provide ORS with a copy of each complete rate schedule(s) used for billing customers from July 1, 2016 through December 1, 2017. Furnish the date on which bills were rendered utilizing its respective rate schedule(s).

DIUC's January 16, 2018, Letter to Hon. Jocelyn Boyd includes a detailed letter from John F. Guastella with Appendices. *See* Docket ID #274057 (copy attached hereto as *Exhibit 2*). Appendix A includes the rate schedule used for billing customers from July 1, 2016 to October 1, 2017, which covered the period those rates were in effect from April 1, 2016 through September 30, 2017. Appendix A also includes the rate schedule under which the customers were billed on January 1, 2018 for the period from October 1, 2017 to December 31, 2017.

- 1.2. Provide ORS with a copy of each complete rate schedule(s) used for billing customers from January 1, 2018 through the present. Furnish the date on which bills were rendered utilizing its respective rate schedule(s).

DIUC's January 16, 2018, Letter to Hon. Jocelyn Boyd includes a detailed letter from John F. Guastella with Appendices. Appendix A includes the rate schedule under which the customers were billed on January 1, 2018 for the period from October 1, 2017 to December 31, 2017. The rate schedule used for billing customers on April 1, 2018, for the period from January 1, 2018 through March 31, 2018, is attached to the Notice of Revised Rate Schedule filed with the Commission on March 28, 2018 (Docket ID #275296) (copy attached hereto as *Exhibit 3*).

- 1.3. In the "NOTICE OF REFUNDS" issued to customers in January 2018, the interest presented to be added to a customer's Pre-Interest Refund Amount is shown as being

calculated according to a rate of 12.3% and 13.4% for the 5th and 6th quarters, respectively. Please explain how DIUC derived at these percentage amounts. Show all calculation information detailing how these percentages tie to the required refund rate of 12% per annum.

DIUC's January 16, 2018, Letter to Hon. Jocelyn Boyd includes a detailed letter from John F. Guastella with Appendices. Mr. Guastella's letter provides a detailed explanation of how DIUC arrived at the percentage amounts. Appendix A shows the pre-interest refund percentages between the July 1, 2016 rates and the January 1, 2018 rates. Appendix B shows the specific availability rates and refunds, including interest, for all availability customers who were billed for 6, 5, 4, 3, 2 or 1 quarter(s). Appendix C shows the detailed calculation of the interest for customers that were billed for 6, 5, 4, 3, 2, or 1 quarter(s).

- 1.4. Complete the attached excel table for each of the premises listed in the sample set provided. If the account holder changed during the billing period identified, please indicate.

DIUC's January 16, 2018, Letter to Hon. Jocelyn Boyd includes a detailed letter from John F. Guastella with Appendices. Mr. Guastella's letter provides a detailed explanation of how DIUC calculated the refunds for usage rate customers. Appendix D provides sample calculations for four accounts for which the POA's requested examples of the refund calculations. This information should be sufficient for ORS to understand and review the calculations.

To the extent that ORS seeks to require further information or action via Request 1.4, DIUC objects because sufficient information has been provided and DIUC should not be subjected to the burdensome requirement of creating additional document(s) and/or response(s). Because Request 1.4 creates undue burden, it exceeds the scope of permissible discovery under the South Carolina Rules of Civil Procedure. DIUC further objects because Request 1.4 is overly broad as to time, scope and subject matter, since the worksheet proposed by ORS does not cover the correct quarters and, therefore, would not provide accurate or relevant information

about the refunds. The rates were in effect for 2016 quarters 2, 3, 4 and 2017 quarters 1, 2, 3.

- 1.5. Provide ORS with a copy of DIUC's applicable rate schedule currently being used for billing customers.

The rate schedule currently being used by DIUC is attached to the Notice of Revised Rate Schedule filed with the Commission on March 28, 2018 (Docket ID #275296) (copy attached hereto as *Exhibit 3*).

Former Customers of DIUC

- 1.6. Were all excess monies owed to former customers (former account holders who no longer have an active account with DIUC) of DIUC refunded? If not, were the monies provided to the State of South Carolina pursuant to the "Uniform Unclaimed Property Act" (S.C. Code Ann. Section 27-18-90(B))? If not, why not?

DIUC has not yet calculated refunds due to any former customers. DIUC does plan to calculate then make refunds to former account owners. By its terms, Section 27-18-91(B) does not require any immediate action from DIUC. The Section applies to refunds that "remained unclaimed by the person appearing on the records of the utility entitled thereto for more than five years after the date it became payable in accordance with the final determination or order providing for the refund is presumed abandoned." After refunds to former customers are calculated and issued, DIUC will cooperate with ORS to identify unclaimed refunds and pay the same to the State of South Carolina should ORS direct it to do so.

- 1.7. Identify the amount returned to each former account holder and identify the amount provided to the State in the form of unclaimed property, if applicable. Include each account holder's name, address, date refund returned or escheated to the State, and the amount of the refund. Provide response in MS excel format.

See Response to Request 1.6.

- 1.8. If refunds have not yet occurred, does DIUC plan to make refunds to these former account owners and/or provide the refunds to the State of South Carolina? If so, when? Include each account holder's name, address, date of planned refund to customer or escheated to the State, and the amount of the planned refund. Provide response in MS excel format.

DIUC has not yet calculated refunds due to any former customers. DIUC does plan to calculate then make refunds to former account owners. It will be a time consuming and expensive process for DIUC to identify its former customers, when they ceased service, and then to individually calculate any refunds due. After that, a refund check would be mailed to the most recent address or forwarding address provided by the customer. Many of those checks will be delayed, returned and/or lost. If DIUC engages in that process now and then there is an appeal that alters the refunds due, it will have exposed the ratepayer to unnecessary administrative costs. Additionally, if refunds are made to former customers at the amounts currently calculated and final water and sewer rates turn out to be higher than currently approved, there would be no realistic opportunity to collect overpayments of refunds from those individuals. DIUC intends to calculate the refunds following the expiration of the time for, or the conclusion of, any appeal of the Commission's order(s) following remand.

Respectfully submitted,

/s/ Thomas P. Gressette, Jr.

Thomas P. Gressette, Jr.

Direct: (843)-727-2249

Email: Gressette@WGFLAW.com

G. Trenholm Walker

Direct: (843)-727-2208

Email: Walker@WGFLAW.com

WALKER GRESSETTE FREEMAN & LINTON, LLC

Mail: PO Box 22167, Charleston, SC 29413

Office: 66 Hasell Street, Charleston, SC 29401

Phone: 843-727-2200

April 3, 2018
Charleston, South Carolina

Certificate of Service

This is to certify that on April 3, 2018, I caused to be served upon the counsel of record named below a copy of the foregoing Objections and Information Provided in Response to Document Captioned "South Carolina Office of Regulatory Staff's First and Continuing Audit Information Request for Records and Information Sent Pursuant to Commission Order Nos. 2018-68 and 2018-208," by electronic mail, as indicated.

Andrew M. Bateman, Esq. (abateman@regstaff.sc.gov)
Jeff Nelson, Esq. (jnelson@regstaff.sc.gov)

/s/ Thomas P. Gressette, Jr.

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2014-346-WS

IN RE: Application of Daufuskie Island Utility Company, Inc. for Approval of an Increase for Water and Sewer Rates, Terms and Conditions) South Carolina Office of Regulatory Staff's First and Continuing Audit Information Request for Records and Information Sent Pursuant to Commission Order Nos. 2018-68 and 2018-208

**TO: THOMAS P. GRESSETTE, JR., ESQUIRE AND G. TRENHOLM WALKER,
ESQUIRE -- COUNSEL OF RECORD FOR DAUFUSKIE ISLAND UTILITY
COMPANY, INC.:**

The South Carolina Office of Regulatory Staff (“ORS”) hereby requests, pursuant to S.C. Code Ann. §§ 58-4-55 (2015) and Commission Order Nos. 2018-68 and 2018-208, that Daufuskie Island Utility Company, Inc. (hereafter referred to as “DIUC”, or the “Company”) **provide responses in writing and under oath and serve the undersigned by April 6, 2018**, at ORS, 1401 Main Street, Suite 900, Columbia, South Carolina, 29201. If you are unable to respond to any of the audit requests, or parts thereof, in a timely manner please specify the reason for your inability to respond and state what other knowledge or information you have concerning the unanswered portion.

As used in these audit requests, “identify” means, when asked to identify a person, to provide the full name, business title, address and telephone number. As used in these audit requests, “address” means mailing address and business address. When asked to identify or provide a document, “identify” and “provide” mean to provide a full and detailed description of the document and the name and address of the person who has custody of the document. When the word

“document” is used herein, it means any written, printed, typed, graphic, photographic, or electronic matter of any kind or nature and includes, but is not limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings.

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- VI. That this entire list of questions be reproduced and included in front of each set of responses.
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- XI. That in addition to the signature and verification at the close of the Company's responses, the Company witness(es) or employee(s) or agent(s) responsible for the information contained in each response be indicated.
- XII. This audit request shall be deemed to be continuing so as to require the Company to supplement or amend its responses as any additional information becomes available.
- XIII. For information requested herein where the information is kept, maintained, or stored using spreadsheets, please provide electronic versions of the spreadsheets, including the formulas used and embedded in the spreadsheet.

REQUESTS:

All Customers

- 1.1. Provide ORS with a copy of each complete rate schedule(s) used for billing customers from July 1, 2016 through December 1, 2017. Furnish the date on which bills were rendered utilizing its respective rate schedule(s).
- 1.2. Provide ORS with a copy of each complete rate schedule(s) used for billing customers from January 1, 2018 through the present. Furnish the date on which bills were rendered utilizing its respective rate schedule(s).
- 1.3. In the "NOTICE OF REFUNDS" issued to customers in January 2018, the interest presented to be added to a customer's Pre-Interest Refund Amount is shown as being calculated according to a rate of 12.3% and 13.4% for the 5th and 6th quarters, respectively. Please explain how DIUC derived at these percentage amounts. Show all calculation information detailing how these percentages tie to the required refund rate of 12% per annum.
- 1.4. Complete the attached excel table for each of the premises listed in the sample set provided. If the account holder changed during the billing period identified, please indicate.
- 1.5. Provide ORS with a copy of DIUC's applicable rate schedule currently being used for billing customers.

Former Customers of DIUC

- 1.6. Were all excess monies owed to former customers (former account holders who no longer have an active account with DIUC) of DIUC refunded? If not, were the monies provided to the State of South Carolina pursuant to the "Uniform Unclaimed Property Act" (S.C. Code Ann. Section 27-18-90(B))? If not, why not?
- 1.7. Identify the amount returned to each former account holder and identify the amount provided to the State in the form of unclaimed property, if applicable. Include each account holder's name, address, date refund returned or escheated to the State, and the amount of the refund. Provide response in MS excel format.
- 1.8. If refunds have not yet occurred, does DIUC plan to make refunds to these former account owners and/or provide the refunds to the State of South Carolina? If so, when? Include each account holder's name, address, date of planned refund to customer or escheated to the State, and the amount of the planned refund. Provide response in MS excel format.

/S/

Andrew M. Bateman, Esquire
Jeffery M. Nelson, Esquire
South Carolina Office of Regulatory Staff
1401 Main St., Ste. 900
Columbia, SC 29201
Phone: (803) 737-8440
(803) 737-0823
Email: abateman@regstaff.sc.gov
jnelson@regstaff.sc.gov

March 27, 2018

THOMAS P. GRESSETTE, JR.
Direct: 843.727.2249
Email: Gressette@WGFLAW.com

VIA ELECTRONIC FILING

Thomas P. Gressette, Jr.

From: John Beach <John.Beach@arlaw.com>
Sent: Friday, January 12, 2018 11:51 AM
To: Thomas P. Gressette, Jr.
Cc: Jack Pringle; Bateman, Andrew; Nelson, Jeff (jnelson@regstaff.sc.gov)
Subject: DIUC - Questions on 4th Quarter Billing and Credits

Tom,

Thanks for your time yesterday. I have a meeting at noon, so cannot participate in this call. Here are our present questions:

- On DIUC's 4th quarter, 2018 bills to its customers, which line reflects the credit for the previous 6 quarters ("6 Quarters Credit")? We presume that credit is reflected in the "Total Previous Balance" line, but please confirm and, if the amount is reflected elsewhere, please inform us where.
- Which monetary elements are included, or potentially included, in the "Total Previous Balance"? (e.g., 6 Quarters Credit, unpaid balance from previous billing, etc.)
- If a Customer had a balance due from the prior billing period (for utility services and/or availability fees), how is that previous balance reflected in that customer's 4th quarter bill? How could such a customer tell what part of the Total Previous Balance represented the balance due versus the 6 Quarters Credit?
- If a customer is billed for more than one property on a single bill, does that bill distinguish between the 6 Quarters Credit applicable to each property? If not, how is the customer to determine the credit breakdown between the properties?
- How did DIUC calculate each customer's 6 Quarters Credit?
- What mechanism did DIUC use (the DIUC billing system, a separate spreadsheet, etc.) to calculate each customer's 6 Quarters Credit? If a separate spreadsheet, please provide a "live" version of the spreadsheet to the POAs and ORS, including associated customer billing and usage information. See, S.C. Code Ann., Section 58-5-240(D).
- Provide a representative explanation that shows, to the extent applicable, quarter by quarter, rate element by rate element, separated by water and sewer service, and including interest, how DIUC calculated that representative customer's 6 Quarters Credit.
- Provide a representative explanation that shows, quarter by quarter, separated by water and sewer service, and including interest, how DIUC calculated that representative customer's 6 Quarters Credit for availability fees.
- Explain the mathematical basis for your contention that 12% annual interest for 5 quarters equals 12.3%. Explain the mathematical basis for your contention that 12% annual interest for 6 quarters equals 13.4%.
- Why did DIUC not calculate interest on a customer's "pre-Interest credit" amount at 15% for 5 quarters and 18% for 6 quarters?

Best regards,

-John

John Beach

Partner



1501 Main Street, 5th Floor | Columbia, SC 29201

main 803.254.4190 | direct 803.343.1269 | mobile 803.413.2300

efax 803.343.1224 | fax 803.779.4749

john.beach@arlaw.com

[website](#) [bio](#) [vCard](#) [map](#)



January 16, 2018

VIA EMAIL ONLY

Thomas P. Gressette, Jr., Esquire
G. Trenholm Walker, Esquire
Walker Gressette Freeman & Linton, LLC

RE: Daufuskie Island Utility Company, Inc. – Refund Calculation

Dear Mr. Gressette and Mr. Walker,

This letter describes the methodology used to calculate refunds applicable to DIUC's quarterly billings of its customers from July 1, 2016 through December 31, 2017. While I have addressed it to your office, I would ask that you make this information available to the Commission and to the parties involved in our pending rate proceeding.

The rates under DIUC's original application for a 108.9% rate increase were billed subject to refund for the billings sent to the customers beginning on or about July 1, 2016 and for subsequent quarters up to and including October 1, 2017 ("2016 Rates"). The S. C. Public Service Commission's ("PSC") Order dated December 20, 2017, permits DIUC an 89% revenue increase, which DIUC began billing on or about January 1, 2018 (January 1, 2018 Rates"). This billing includes refunds that are now due customers based on the differences between the 2016 Rates and the January 1, 2018 Rates. APPENDIX A contains a comparison of the rate structure under the January 1, 2018 Rates and the 2016 Rates as well as the Pre-Interest Refund Percentage Difference between the two rate structures. The Pre-Interest Refund Percentage Difference correlates with the dollar amount difference between the January 1, 2018 Rates and the 2016 Rates. Note that no refunds are necessary for the last quarter of 2017 because the January 1, 2018 Rates have been applied to that quarter.

A Schedule showing calculation of the Water and Sewer Availability Rate Refunds is available on DIUC's website, www.daufuskieislandutility.com. A similar schedule is also included here as APPENDIX B ("Availability Billing of Amounts Reflecting Credit Refunds Under Newly Approved Rates"). The Schedule shows the differences between the 2016 Rates and the January 1, 2018 Rates, according to the number of quarters billed. The refunds are calculated by taking the difference between the rates paid under the 2016 Rates and the January 1, 2018 Rates, multiplying the difference by the number of quarters billed in order to determine the pre-interest refund (shown as "Sum of Quarterly Difference"), and then adding interest at the percentages for the respective number of quarters billed. The pre-interest refund plus the interest amount equals the total refund (shown as "Total Refund (Credit)"). The specific charges and refunds in APPENDIX B could be provided for availability customers because availability charges are the same for each customer each quarter.

Calculating the refunds due metered customers is slightly more complex because the usage rates have varying percentage differences between the 2016 Rates and the January 1, 2018 Rates and the usage charges for each account vary according to each quarters' usage by that customer. Using the actual

billings for each customer, the percentage difference between the 2016 Base Service Charge implemented in July 2016 and the January 1, 2018 Base Service Charge rates was applied to the amount each customer paid for 2016 Base Service Charge billings. That difference is the pre-interest refund due to the customer. Similarly, for each customer the percentage difference between the 2016 Usage Rates and the January 1, 2018 Usage Rates was applied to the amount of each customer's total payments for Usage Rates in order to determine the pre-interest refund due to the customer for Usage charges for all quarters billed, and then adding interest for the respective number of quarters billed. The sum of the pre-interest refunds for the Base Service Charges and Usage Rate charges plus the interest equals the total refund.

APPENDIX C contains the calculation of the interest that was added to the pre-interest refunds, taking into account that interest for customers billed for 6 quarters from July 1, 2016 through December 31, 2017 would be higher than a customer who began taking service, for example, in the third quarter of 2017 and was therefore billed for the first time in the October 1, 2017 billing. APPENDIX C shows the specific interest calculations for customers who paid for service in 6, 5, 4, 3, 2, and 1 quarters.

Mr. Beach has asked DIUC to use a specific customer's bill to show how these calculations were made on the two accounts for that customer. APPENDIX D provides a working (live spreadsheet) copy of the specific calculation of the refund for that customer. As noted, that customer was billed for 6 quarters and the bill is calculated using the percentage refunds (credits) from APPENDIX A and the interest percentages from APPENDIX C. The calculation of the refund reflects the precise methodology described above.

We were able to work with the programmers so that our computerized billing system is able to show the total refund that reduces the current bill amount; however, the billing system just cannot show the detailed calculation of rates and interest for a customer in the way it is shown in APPENDIX D. In this instance, as with all DIUC's regularly issued bills, DIUC customers are encouraged to contact the billing office with any specific inquiries about how the rates were applied to their usage.

Because of the December 31, 2017, expiration of the bonds related to DIUC's billing of the 2016 Rates, the Commission scheduled rehearing to allow a decision before the end of 2017. With a 2017 decision DIUC would be able to proceed with a January 2018 billing (including any refunds necessary after the rehearing decision) and avoid the financial impact of a delayed billing. On December 20, 2017, the Commission entered its decision stating that the rates and revenues granted in the Order "should be shared with the other parties in the case, who should verify that said rates are consistent with the provisions of this Order." DIUC calculated the rates and revenue allowed by the Commission's decision and on December 22, 2017, DIUC provided all the parties its proposed Schedule of Rates and related revenue calculation.

A copy of DIUC's letter and the enclosed Schedules provided to all the lawyers on December 22, 2017, is attached as APPENDIX E. Schedule A-5 shows the differences between the July 2016 Rates and the January 1, 2018 Rates. Page 1 shows the Base Charge and Usage Charge then in effect. Page 2 shows the Base Charge and Usage Charge to be effective in the January 2018 billing. I do not expect the customers to be familiar with complex rate calculations, but I would like to be sure the customers know we provided this information to the POAs' lawyers in ample time before the January 2018 billing.

The final matter I am compelled to address is a correspondence dated January 8, 2018, from Mr. Doug Egly to DIUC's customers, attached as APPENDIX F. In it Mr. Egly's makes totally false accusations that DIUC did not comply with the PSC's regulations and invoiced the customers without a formal order and approved rates. Mr. Egly then states, "This being the case, the attorneys representing the three POAs involved, have asked us to **instruct members NOT to pay their water bills** until DIUC's unlawful action have been addressed." (emphasis in original) DIUC is regulated by the PSC and the SC Office of Regulatory Staff, not the attorneys acting on behalf of the POAs. DIUC was required by the PSC's December 20, 2017 Order to submit rates for the January 1, 2018 billing and, as previously stated, share that submission with the other parties, giving them an opportunity to verify that those rates were consistent with that Order. DIUC submitted rates in compliance with that Order on December 22, 2017 providing ample time for a response by the other parties. There was no response filed with the PSC before January 1, 2018, except by ORS in an email on December 27, 2017 which indicated that if it would find discrepancies after reviewing the PSC's second "full" Order, it would report them to the PSC. Since its December 20, 2017 Order to date, the PSC has not issued any directive to DIUC to delay proceeding with the January 1, 2018 billing, and has made no finding that DIUC has not been in compliance with any regulation of law.

DIUC operates relying upon a predictable cash flow anticipated based upon the historical averages of when customers pay their bills. Those averages are so important they are included in the Commission's calculation of allowed rates. The accusations in Mr. Egly's correspondence are without merit and misleading, and his instruction to customers has adversely impacted DIUC's cash flow. As the POA customers fail to pay their bills and/or delay payment, this could jeopardize DIUC's financing options as well as DIUC's ability to fund system repairs and replacements, and could create a serious risk to DIUC's ability to provide service.

In closing I would like to reaffirm DIUC's commitment to providing reliable and efficient service to its customers on Daufuskie Island. I hope that the time and effort we have put into providing these materials has resulted in a thorough explanation of how DIUC applied the Commission's December 20, 2017 decision.

Sincerely,

GUASTELLA ASSOCIATES, LLC
Manager of DIUC



John F. Guastella, President

Enclosures: APPENDICES A - F

APPENDIX A

**Daufuskie Island Utility Company, Inc.
Comparative Tariff Rates**

	<u>Billed Rates</u>		<u>Pre-Interest Refund Percentage Difference</u>
	<u>2016 Rates</u>	<u>2018 Rates</u>	
<hr/>			
WATER			
<hr/>			
<u>Residential</u>			
General:			
Base Quarterly Charge	\$149.30	\$140.09	6.1688%
Consumption Charge (per 1,000 gallons)	\$4.41	\$4.01	9.0703%
Irrigation:			
Consumption Charge (per 1,000 gallons)			
0-18,000 gallons per quarter	\$4.85	\$4.41	9.0722% *
18,001-60,000 gallons	\$5.73	\$5.21	9.0750% *
Over 60,000 gallons	\$6.61	\$6.02	8.9259% *
<u>Commercial</u>			
General:			
Base Quarterly Charge	\$209.01	\$196.12	6.1672%
Consumption Charge (per 1,000 gallons)	\$4.41	\$4.01	9.0703%
Irrigation:			
Consumption Charge (per 1,000 gallons)			
0-18,000 gallons per quarter	\$4.85	\$4.41	9.0722% *
18,001-60,000 gallons	\$5.73	\$5.21	9.0750% *
Over 60,000 gallons	\$6.61	\$6.02	8.9259% *
<u>Availability</u>			
Quarterly Charge	\$107.49	\$100.86	6.1680%
<hr/>			
SEWER			
<hr/>			
<u>Residential</u>			
General:			
Base Quarterly Charge	\$218.18	\$201.65	7.5763%
Consumption Charge (per 1,000 gallons)	\$2.38	\$2.14	10.0840%
<u>Commercial</u>			
General:			
Base Quarterly Charge	\$305.45	\$282.31	7.5757%
Consumption Charge (per 1,000 gallons)	\$2.38	\$2.14	10.0840%
<u>Availability</u>			
Quarterly Charge	\$140.73	\$130.07	7.5748%

* Note: An average rate of 9.02% was used for all indicated rate blocks.

ATTACHMENT B

APPENDIX B

Availability Billing of Amounts Reflecting Credit Refunds Under Newly Approved R

		<u>Quarterly Availability Billing</u>		<u>Quarterly</u>	<u>Number of</u>	<u>Sum of</u>	<u>Interest</u>	<u>Amount</u>		
		<u>2016 Rates</u>	<u>Jan.1, 2018 Rates</u>	<u>Difference</u>	<u>Quarters</u>	<u>Quarterly</u>	<u>Rate</u>			
<u>6 Quarters</u>										
	Water	107.49	100.86	6.63	6	39.78	13.4%	5.33		
	Sewer	140.73	130.07	10.66	6	63.96	13.4%	8.57		
<u>5 Quarters</u>										
	Water	107.49	100.86	6.63	5	33.15	12.3%	4.08		
	Sewer	140.73	130.07	10.66	5	53.3	12.3%	6.56		
<u>4 Quarters</u>										
	Water	107.49	100.86	6.63	4	26.52	12.0%	3.18		
	Sewer	140.73	130.07	10.66	4	42.64	12.0%	5.12		
<u>3 Quarters</u>										
	Water	107.49	100.86	6.63	3	19.89	9.0%	1.79		
	Sewer	140.73	130.07	10.66	3	31.98	9.0%	2.88		
<u>2 Quarters</u>										
	Water	107.49	100.86	6.63	2	13.26	6.0%	0.80		
	Sewer	140.73	130.07	10.66	2	21.32	6.0%	1.28		
<u>1 Quarter</u>										
	Water	107.49	100.86	6.63	1	6.63	3.0%	0.20		
	Sewer	140.73	130.07	10.66	1	10.66	3.0%	0.32		

- Notes:
- (1) Based on the number of quarters a customers has been billed since the July 1,2016 billing.
 - (2) The old rates reflect increases of 107.9% and 209.9% for water and sewer, respectively, or 108.9% combine
 - (3) The new rates reflect increases of 87.9% and 90.1% for water and sewer, respectively, or 89.0%% combined
 - (4) Assumes no unrelated adjustments.

APPENDIX C

Application of Daufuskie Island Utility Company, Inc. for Approval Rates and Charges
South Carolina Public Service Commission Docket No. 2014-346-WS

Calculation of Interest Rates per Number of Quarters

Assumptions for a hypothetical billing:

1. A customer was billed \$200 per quarter under the original application rates beginning July 1, 2016
2. On January 1, 2018 the customer will be billed \$180 for the last quarter of 2017 and given a refund or credit of \$20 per quarter.
3. The customer made payment on each day of the day billed, except a for only customers billed for 6 and 5 quarters for which a 30 day lag was used, or and adjusted interest rate of 11%.

Total Number of Quarters	Billing Period		Pre-Interest Refund	Refund plus Interest	Interest		Total Refund
	Dates	No. of Quarters			Rate	Amount	
6	7/1/16 to 6/30/17	4	\$ 80		11%	\$ 8.80	
	7/1/17 to 12/31/17			\$ 88.80	6%	5.33	
	7/1/17 to 12/31/17	1	20		6%	1.20	
	10/1/17 to 12/31/17	1	20		3%	0.60	
			\$ 120		<u>13.3%</u> (1)	\$ 15.93	\$ 135.93
5	10/1/17 to 9/30/17		80		11%	8.80	
	10/1/17 to 12/31/17			\$ 88.80	3%	2.66	
	10/1/17 to 12/31/17		20		3%	0.60	
			\$ 100.00		<u>12.1%</u> (1)	\$ 12.06	\$ 112.06
4	1/1/17 to 12/31/17		\$ 80.00		<u>12%</u>	\$ 9.60	\$ 89.60
3	4/1/17 to 12/31/17		\$ 60.00		<u>9.0%</u>	\$ 5.40	\$ 65.40
2	7/1-17 to 12/31/17		\$ 40.00		<u>6.0%</u>	\$ 2.40	\$ 42.40
1	10/1/17 to 12/31/17		\$ 20.00		<u>3.0%</u>	\$ 0.60	\$ 20.60

Note: The percentages actually used for the refunds were 13.4% for customers billed for 6 quarters and 12.3% for 5 quarters.

ATTACHMENT B

APPENDIX D- Sample Bill Refund Calculation

last	acct_no	serv_id	rate	cc	billed 7.1.16	Billed 10.1	Billed 1.1	billed 4.1	billed 7.1	billed 10.1	Total	Qtrs	Base Charge	BC Refund	Billed Usage	New Billed Usage	Usage Refund	B
Name Deleted	D-202500	D0232	SD1	\$	219.68	\$ 218.37	\$ 218.18	\$ 218.18	\$ 220.58	\$ 218.49	\$ 1,313.48	6	\$ 1,309.08	\$ 99.23	\$ 4.40	\$ 3.96	\$ 0.44	\$
	D-202500	D032	SD1		230.20	230.15	228.91	229.98	227.53	231.89	1378.66	6	1309.08	99.23	69.58	62.56	7.02	
	D-202500	D0232	WD1		614.14	149.65	149.30	149.3	153.75	149.87	1366.01	6	895.80	67.90	470.21	422.79	47.42	
	D-202500	D032	WD1		171.57	171.48	169.19	171.17	166.63	174.70	1024.74	6	895.80	67.90	128.94	115.94	13.00	
	D-202500	D0232	WD3		138.64	69.21	57.08	12.08	4.75	81.38	363.14	6			363.14	326.52	36.62	
	D-202500	D032	WD3		34.34	113.26	76.68	56.79	42.24	19.89	343.20	6			343.20	308.59	34.61	

=====

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Combined Operating Statement

	Company Pro Forma Proposed Rates	Revised ORS Pro Forma Proposed Rates	PSC Directive		Pro Forma Proposed Rates
			Pro Forma Present Rates	Adjustments	
Operating Revenue:					
Residential	\$710,786	\$514,330	\$312,153	\$313,657	\$625,810
Commercial	287,589	241,135	146,277	114,342	260,619
Irrigation	213,238	201,180	99,193	83,860	183,053
Availability Billing	992,880	933,626	485,761	415,328	901,089
Misc. Other Revenue	63,229	46,623	30,197	27,949	58,146
Interdepartmental Sales	0	0	0	0	0
Billing Adjustments	0	1,498	0	0	0
Total Revenues	2,267,722	1,938,392	1,073,581	955,136	2,028,718
Operating Expense:					
Wages	164,752	176,590	176,590	0	176,590
Benefits	10,686	6,200	6,200	0	6,200
Director's Fees	16,500	16,500	16,500	0	16,500
Sludge Disposal	0	0	0	0	0
Power	166,718	130,181	130,181	0	130,181
Chemicals	9,510	9,020	9,020	0	9,020
Supplies & Maintenance	28,543	27,116	27,116	0	27,116
Outside Services-Mgmt	171,364	132,211	171,365	0	171,365
Outside Services-Engineering	8,013	10,137	10,137	0	10,137
Outside Services-Accounting	2,762	2,761	2,761	0	2,761
Outside Services-Legal	23,178	23,178	23,178	0	23,178
Outside Services-Testing	92,289	92,288	92,288	0	92,288
Outside Services-Other	38,622	38,621	38,621	0	38,621
Other Operating Expenses	0	0	0	0	0
Transportation	2,756	2,450	2,450	0	2,450
Bad Debt	30,852	190,127	105,383	93,778	199,161
Insurance	48,322	38,913	38,913	0	38,913
Regulatory Commission Expense	15,636	15,636	15,636	0	15,636
Other A&G Expenses	36,436	36,438	36,438	0	36,438
Accepted ORS Adjustment	0	(46,033)	(46,033)	0	(46,033)
Total O&M Expense	866,939	902,335	856,744	93,778	950,523
Depreciation	95,266	82,560	82,560	0	82,560
Amortization of Rate Case Exp	206,076	54,477	90,794	0	90,794
Amortization of Deferred Property Tax		65,855	65,855	0	65,855
Revenue Taxes	14,320	16,592	9,196	8,181	17,377
Property Taxes	192,301	192,301	192,301	0	192,301
Payroll Taxes	13,732	13,212	13,212	0	13,212
State and Federal Income Taxes	260,495	174,109	0	176,371	176,371
Total Operating Expenses	1,649,129	1,501,441	1,310,664	278,331	1,588,994
Net Operating Income	\$618,593	\$436,951	(\$237,082)		\$439,723
Rate Base	\$7,085,475	\$5,867,632	\$5,894,128		\$5,894,128
Rate of Return	8.73%	7.45%	-4.02%		7.46%
Revenue Increase	108.9%	80.6%			89.0%
Interest Expense	\$180,680	\$142,783			\$143,227
Operating Margin	19.3%	15.2%			14.6%

Notes:

- A Restored Management Fees.**
B Allows ORS's Rate Case Expense with 3 year amortization.
C Fall-out amounts impact Revenue Tax, Income Taxes, Bad Debt Expense and Working Capital rate base allowance.

Daufuskie Island Utility Company, Inc.
Revenue Impact Analysis
Test Year Revenue - Existing Rates

WATER

Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue
Haig Point-Residential	3/4" Meter			1,061	\$62.09	\$65,877
	0 to 22,500 gals.	8,360,179	\$2.76			\$23,074
	Over 22,500 gals.	3,192,728	\$2.76			\$8,812
Haig Point-Irrigation				727		
	0 to 18,000 gals.	8,367,838	\$2.76			\$23,095
	18,001 to 60,000 gals.	9,829,270	\$3.09			\$30,372
	Over 60,000 gals.	10,049,342	\$3.50			\$35,173
Melrose-Residential	3/4" Meter			452	\$80.72	\$36,485
	0 to 22,500 gals.	4,105,940	\$0.00			\$0
	Over 22,500 gals.	2,177,808	\$2.44			\$5,314
Melrose-Irrigation				100		
	0 to 18,000 gals.	1,368,330	\$1.66			\$2,271
	18,001 to 60,000 gals.	2,002,230	\$1.66			\$3,324
	Over 60,000 gals.	2,986,298	\$1.66			\$4,957
Haig Point-Commercial	Metered			106	\$86.93	\$9,215
	0 to 22,500 gals.	2,413,190	\$2.76			\$6,660
	Over 22,500 gals.	2,132,690	\$2.76			\$5,886
Melrose-Commercial	Metered			329	\$136.60	\$44,941
	0 to 22,500 gals.	1,752,659	\$0.00			\$0
	Over 22,500 gals.	2,544,703	\$2.44			\$6,209
Water Service Total		61,283,205		2,775		\$311,667

SEWER

Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue
Haig Point-Residential	3/4" Meter			1,061	\$110.38	\$117,113
	0 to 22,500 gals.	8,360,179	\$1.32			\$11,035
	Over 22,500 gals.	3,192,728	\$1.32			\$4,214
Melrose-Residential	3/4" Meter			448	\$80.72	\$36,163
	0 to 22,500 gals.	3,926,008	\$0.00			\$0
	Over 22,500 gals.	2,296,390	\$1.77			\$4,065
Haig Point-Commercial	Metered			102	\$178.21	\$18,177
	0 to 22,500 gals.	2,362,530	\$1.32			\$3,119
	Over 22,500 gals.	2,132,690	\$1.32			\$2,815
Melrose-Commercial	Metered			329	\$136.60	\$44,941
	0 to 22,500 gals.	1,559,487	\$0.00			\$0
	Over 22,500 gals.	2,436,565	\$1.77			\$4,313
Water Service Total		26,266,577		1,940		\$245,955

REVENUE SUMMARY:

Total Residential Water and Sewer Service Revenues	\$312,153
Total Commercial Water and Sewer Service Revenues	\$146,277
Total Irrigation Service Revenues	\$99,193
Total Water and Sewer Service Revenues	\$557,623

Availability Billing-Water	Haig Point	1,917	\$31.04	\$59,504
	Melrose	1,617	\$76.36	\$123,474
	Bloody Point	368	\$76.36	\$28,100
Availability Billing-Sewer	Haig Point	1,917	\$55.19	\$105,799
	Melrose	1,617	\$85.08	\$137,574
	Bloody Point	368	\$85.08	\$31,309
Total Water and Sewer Availability Revenues				\$485,761

Misc. Other Revenue	Other			
	Return Check Fees			
	Late Fees-Metered Sales			
	Late Fees-Availability			
Total Misc. Other Revenue				\$30,197

Daufuskie Island Utility Company, Inc.
Revenue Impact Analysis
Test Year Revenue - Proposed Rates

WATER								
Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue	Increase Amt.	Increase %
Haig Point-Residential	3/4" Meter			1,061	\$140.09	\$148,635	\$82,758	125.6%
	0 to 22,500 gals.	8,360,179	\$4 01			\$33,524	\$10,450	45.3%
	Over 22,500 gals.	3,192,728	\$4 01			\$12,803	\$3,991	45.3%
Haig Point-Irrigation				727			\$0	N/A
	0 to 18,000 gals.	8,367,838	\$4.41			\$36,902	\$13,807	59.8%
	18,001 to 60,000 gals.	9,829,270	\$5 21			\$51,211	\$20,838	68.6%
	Over 60,000 gals.	10,049,342	\$6 02			\$60,497	\$25,324	72.0%
Melrose-Residential	3/4" Meter			452	\$140.09	\$63,321	\$26,835	73.6%
	0 to 22,500 gals.	4,105,940	\$4 01			\$16,465	\$16,465	N/A
	Over 22,500 gals.	2,177,808	\$4 01			\$8,733	\$3,419	64.3%
Melrose-Irrigation				100			\$0	N/A
	0 to 18,000 gals.	1,368,330	\$4.41			\$6,034	\$3,763	165.7%
	18,001 to 60,000 gals.	2,002,230	\$5 21			\$10,432	\$7,108	213.9%
	Over 60,000 gals.	2,986,298	\$6 02			\$17,978	\$13,020	262.7%
Haig Point-Commercial	Metered			106	\$196.12	\$20,789	\$11,574	125.6%
	0 to 22,500 gals.	2,413,190	\$4 01			\$9,677	\$3,016	45.3%
	Over 22,500 gals.	2,132,690	\$4 01			\$8,552	\$2,666	45.3%
Melrose-Commercial	Metered			329	\$196.12	\$64,523	\$19,582	43.6%
	0 to 22,500 gals.	1,752,659	\$4 01			\$7,028	\$7,028	N/A
	Over 22,500 gals.	2,544,703	\$4 01			\$10,204	\$3,995	64.3%
Water Service Total		61,283,205		2,775		\$587,308	\$275,641	88.4%
SEWER								
Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue	Increase Amt.	Increase %
Haig Point-Residential	3/4" Meter			1,061	\$201.65	\$213,951	\$96,837	82.7%
	0 to 22,500 gals.	8,360,179	\$2.14			\$17,891	\$6,855	62.1%
	Over 22,500 gals.	3,192,728	\$2.14			\$6,832	\$2,618	62.1%
Melrose-Residential	3/4" Meter			448	\$201.65	\$90,339	\$54,177	149.8%
	0 to 22,500 gals.	3,926,008	\$2.14			\$8,402	\$8,402	N/A
	Over 22,500 gals.	2,296,390	\$2.14			\$4,914	\$850	20.9%
Haig Point-Commercial	Metered			102	\$282.31	\$28,796	\$10,618	58.4%
	0 to 22,500 gals.	2,362,530	\$2.14			\$5,056	\$1,937	62.1%
	Over 22,500 gals.	2,132,690	\$2.14			\$4,564	\$1,749	62.1%
Melrose-Commercial	Metered			329	\$282.31	\$92,880	\$47,939	106.7%
	0 to 22,500 gals.	1,559,487	\$2.14			\$3,337	\$3,337	N/A
	Over 22,500 gals.	2,436,565	\$2.14			\$5,214	\$902	20.9%
Water Service Total		26,266,577		1,940		\$482,176	\$236,221	96.0%
REVENUE SUMMARY:								
Total Residential Water and Sewer Service Revenues						\$625,810	\$313,657	100.5%
Total Commercial Water and Sewer Service Revenues						\$260,621	\$114,344	78.2%
Total Irrigation Service Revenues						\$183,053	\$83,860	84.5%
Total Water and Sewer Service Revenues						\$1,069,484	\$511,861	91.8%
Availability Billing-Water	Haig Point			1,917	\$100.86	\$193,349	\$133,845	224.9%
	Melrose			1,617	\$100.86	\$163,091	\$39,617	32.1%
	Bloody Point			368	\$100.86	\$37,116	\$9,016	32.1%
Availability Billing-Sewer	Haig Point			1,917	\$130.07	\$249,344	\$143,545	135.7%
	Melrose			1,617	\$130.07	\$210,323	\$72,749	52.9%
	Bloody Point			368	\$130.07	\$47,866	\$16,556	52.9%
Total Water and Sewer Availability Revenues						\$901,089	\$415,328	85.5%
Total Misc. Other Revenue						\$58,146	\$27,949	92.6%
Total Operating Revenue						\$2,028,719	\$955,138	89.0%

Daufuskie Island Utility Company (DIUC) Rate Hike



Daufuskie Island Utility Company (DIUC) Rate Hike

January 8, 2018

Dear Member

You may have received your quarterly DIUC water bill. Please be advised that DIUC has not complied with regulations set forth by the Public Service Commission (PSC) at the December 20, 2018 hearing regarding Haig Point's, Melrose's and Bloody Point's water rate hike. More specifically, DIUC should not have invoiced its customers until a formal Order and an approved Rate sheet are promulgated by PSC.

This being the case, the attorneys representing the three POAs involved, have asked us to **instruct members NOT to pay their water bills** until DIUC's unlawful actions have been addressed. Please note that this a temporary payment boycott and that our attorneys expect to resolve billing issues before the 1/31/18 payment deadline.

A letter was filed with the Commission on Friday by the attorneys. The letter documents DIUC's actions and establishes our opposition to them.

We will update you before the end of January. In the meantime, I am available to answer your questions.

Thank you,

Doug Egly, CEO



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Our email address is:

comment@haigpoint.com

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2014-346-WS**

IN RE:)
Application of Daufuskie Island Utility Company, Inc.)
For Approval of a New Schedule of Rates and)
Charges for Water and Sewer Service)

**NOTICE OF
REVISED RATE SCHEDULE**

On March 21, 2018, the Commission entered a Directive denying DIUC's Motion for Reconsideration of Order No. 2018-68. The Directive also included the following discussion:

... in its filing on February 4, 2018, the Company noted that, pursuant to our Order on Rehearing, it is collecting \$955,136 in additional annual revenue, rather than the \$950,166 in additional annual revenue that we approved in that Order. I move that we require the Company to make appropriate adjustments to cease the collection of the annual revenue which exceeds the authorized level of \$950,166.

Directive at 2.

DIUC submits the attached Schedules demonstrating the appropriate adjustments have been made in response to the Directive. *See Exhibit 1*. As indicated, the rates reflect the \$950,166 annual increase and refunds related to the difference between the \$955,136 total and the \$950,166 adjusted total.¹ The Schedules also demonstrate a further reduction to reflect additional refunds, with interest, for the 6 quarters for which the previous refunds were made.

The difference between the \$955,136 increase reflected in the existing rates and the adjusted \$950,166 increase is \$4,970, which for a year and a half would require a pre-interest

¹ When DIUC applied the rulings of the Commission upon rehearing, the resulting fallout adjustments produce a revenue increase in the amount of \$955,136. *See* Letter from Gressette to Honorable Jocelyn Boyd, dated and electronically filed December 22, 2017 with attached Schedule A-5 "Test Year Revenue - Proposed Rates."

refund of \$7,455, plus \$447 of interest at 12% applied to the average amount of the pre-interest refund.

The rate reductions will benefit all customers and are being applied to the Base Service Charges for connected customers and to the Availability Rates for availability customers. This will not impact the calculation of usage rates.

Because the refund with interest is so small, on average only a little over \$0.63 per quarterly bill (a range of \$0.49 to \$1.39), it is not economical to incur the administrative costs and billing system costs of including a refund for this billing then revising the entire calculation again for the next billings. Therefore, the revised rates will include a reduction for the refund for all future billings. This provides every customer with an additional credit in every billing cycle, until the next rate revision is effectuated by appeal or subsequent rate application.

Respectfully submitted,

/s/ Thomas P. Gressette, Jr.

Thomas P. Gressette, Jr.

Direct: (843)-727-2249

Email: Gressette@WGFLAW.com

G. Trenholm Walker

Direct: (843)-727-2208

Email: Walker@WGFLAW.com

WALKER GRESSETTE

FREEMAN & LINTON, LLC

Mail: PO Box 22167, Charleston, SC 29413

Office: 66 Hasell Street, Charleston, SC 29401

Phone: 843-727-2200

March 28, 2018

Charleston, South Carolina

CERTIFICATE OF SERVICE

This is to certify that on March 28, 2018, I caused to be served upon the counsel of record named below a copy of the foregoing **NOTICE OF REVISED RATE SCHEDULE**, by electronic mail, as indicated.

Standing Hearing Office David Butler (David.Butler@psc.sc.gov)

Andrew M. Bateman, Esq. (abateman@regstaff.sc.gov)

Jeff Nelson, Esq. (jnelson@regstaff.sc.gov)

John J. Pringle, Jr., Esq. (jack.pringle@arlaw.com)

John F. Beach, Esq. (john.beach@arlaw.com)

/s/ Thomas P. Gressette, Jr.

Docket No. 2014-346-WS

Daufuskie Island Utility Company, Inc.

Tariff - Statement of Proposed Rates

			Proposed Rates
I. <u>Residential Rates</u>			
A. <u>Water:</u>			
1)	Base Quarterly Charge		\$139.30
2)	Consumption Charge (per 1,000 gallons)	0 to 22,500 gallons per quarter	\$4.03
		Over 22,500 gallons	\$4.03
B. <u>Sewer:</u>			
1)	Base Quarterly Charge		\$199.32
2)	Volumetric Charge (per 1,000 gallons)	0 to 22,500 gallons per quarter	\$2.13
		Over 22,500 gallons	\$2.13
C. <u>Irrigation:</u>			
1)	Consumption Charge (per 1,000 gallons)	0 to 18,000 gallons per quarter	\$4.43
		18,001 to 60,000 gallons	\$5.23
		Over 60,000 gallons	\$6.04
II. <u>Commercial Rates</u>			
A. <u>Water:</u>			
1)	Base Quarterly Charge		\$194.99
2)	Consumption Charge (per 1,000 gallons)	0 to 22,500 gallons per quarter	\$4.03
		Over 22,500 gallons	\$4.03
B. <u>Sewer:</u>			
1)	Base Quarterly Charge		\$279.00
2)	Volumetric Charge (per 1,000 gallons)	0 to 22,500 gallons per quarter	\$2.13
		Over 22,500 gallons	\$2.13
C. <u>Irrigation:</u>			
1)	Consumption Charge (per 1,000 gallons)	0 to 18,000 gallons per quarter	\$4.43
		18,001 to 60,000 gallons	\$5.23
		Over 60,000 gallons	\$6.04
III. <u>Availability Charge</u>			
A. <u>Water:</u>			
1)	Base Quarterly Charge		\$100.54
B. <u>Sewer:</u>			
1)	Base Quarterly Charge		\$128.56

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Combined Operating Statement

	Company Pro Forma Proposed Rates	PSC Order (a)	
		Adjustments	Pro Forma Proposed Rates
Operating Revenue:			
Residential	\$710,786	(\$86,649)	\$624,137
Commercial	287,589	(27,633)	259,956
Irrigation	213,238	(29,969)	183,269
Availability Billing	992,880	(94,562)	898,318
Misc. Other Revenue	63,229	(5,150)	58,079
Interdepartmental Sales	0	0	0
Billing Adjustments	0	0	0
Total Revenues	2,267,722	(243,963)	2,023,759
Operating Expense:			
Wages	164,752	11,838	176,590
Benefits	10,686	(4,486)	6,200
Director's Fees	16,500	0	16,500
Sludge Disposal	0	0	0
Power	166,718	(36,537)	130,181
Chemicals	9,510	(490)	9,020
Supplies & Maintenance	28,543	(1,427)	27,116
Outside Services-Mgmt	171,364	1	171,365
Outside Services-Engineering	8,013	2,124	10,137
Outside Services-Accounting	2,762	(1)	2,761
Outside Services-Legal	23,178	0	23,178
Outside Services-Testing	92,289	(1)	92,288
Outside Services-Other	38,622	(1)	38,621
Other Operating Expenses	0	0	0
Transportation	2,756	(306)	2,450
Bad Debt	30,852	168,309	199,161
Insurance	48,322	(9,409)	38,913
Regulatory Commission Expense	15,636	0	15,636
Other A&G Expenses	36,436	2	36,438
Accepted ORS Adjustment	0	(50,988)	(50,988)
Total O&M Expense	866,939	78,629	945,568
Depreciation	95,266	(12,706)	82,560
Amortization of Rate Case Exp	140,221	(49,427)	90,794
Amortization of Deferred Property Tax	65,855	0	65,855
Revenue Taxes	14,320	3,014	17,334
Property Taxes	192,301	1	192,302
Payroll Taxes	13,732	(520)	13,212
State and Federal Income Taxes	260,495	(84,153)	176,342
Total Operating Expenses	1,649,129	(65,162)	1,583,967
Net Operating Income	\$618,593	(\$178,801)	\$439,792
Rate Base	\$7,085,475	(\$1,192,338)	\$5,893,137
Rate of Return	8.73%		7.46%
Revenue Increase	108.9%		88.5%
Interest Expense	\$180,680	(\$37,477)	\$143,203
Operating Margin	19.3%		14.7%

Note (a):

- 1) Restored Water Tank Site Assets.
- 2) Restored correct level of property tax expense and amortization of deferred taxes
- 3) Restore bad debt expense to 9.82% of revenue and adjusted for revenue increase.
- 4) Restore Mgmt Fees to "As Filed" Expense
- 5) Limit Rate Case Costs allowance to ORS's level and amortized over 3 years.

Daufuskie Island Utility Company, Inc.

Water Operating Statement

	Company's Pro Forma Proposed Rates	PSC Order			Pro Forma Proposed Rates
		Pro Forma Present Rates	Adjustments		
Operating Revenue:					
Residential	\$146,590	\$139,563	\$144,461 (1b)		\$284,024
Commercial	72,931	72,912	48,097 (1d)		121,008
Irrigation	104,868	99,193	84,076 (1f)		183,269
Availability Billing	202,156	211,078	183,141 (1h)		394,219
Misc. Other Revenue	20,531	19,729	18,582 (1j)		38,311
Metered Sales-Other	0	0	0		0
Billing Adj (Remove Tap Fees)	0	0	0		0
Total Revenues	547,076	542,475	478,357		1,020,831
Operating Expense:					
Wages	82,376	88,295			88,295
Benefits	5,343	3,100			3,100
Officer & Director's Fees	8,250	8,250			8,250
Sludge Disposal	0	0			0
Purchased Water	0	0			0
Power	83,095	64,953			64,953
Chemicals	4,740	4,510			4,510
Supplies & Maintenance	14,544	13,828			13,828
Outside Services-Mgmt	85,682	85,682			85,682
Outside Services-Engineering	2,570	425			425
Outside Services-Accounting	1,381	1,381			1,381
Outside Services-Legal	11,589	11,589			11,589
Outside Services-Testing	81,578	81,578			81,578
Outside Services-Other	31,026	31,026			31,026
Other Operating Expenses	0	0			0
Transportation	1,378	1,225			1,225
Bad Debt	6,676	53,249	46,806 (20)		100,055
Insurance	24,161	19,455			19,455
Regulatory Commission Expense	13,506	13,506			13,506
Other A&G Expenses	14,683	14,683			14,683
Accepted ORS Adjustment	0	(30,136)			(30,136)
Total O&M Expense	472,578	466,598	46,806		513,404
Depreciation, Net	41,938	42,028			42,028
Amortization	103,038	78,325			78,325
Revenue Taxes	3,455	4,647	4,097 (21)		8,744
Property Taxes	91,967	96,151			96,151
Payroll Taxes	6,866	6,606			6,606
State and Federal Income Taxes	0	0	79,716 (22)		79,716
Total Operating Expenses	719,842	694,355	130,619		824,974
Net Operating Income	(\$172,766)	(\$151,880)			\$195,858
Rate Base	\$3,278,504	\$2,664,011			\$2,664,011
Rate of Return	-5.27%	-5.70%			7.35%
		Revenue Increase			88.2%

Daufuskie Island Utility Company, Inc.

Sewer Operating Statement

	Company's Pro Forma Proposed Rates	PSC Order			Pro Forma Proposed Rates
		Pro Forma Present Rates	Adjustments		
Operating Revenue:					
Residential	\$180,814	\$172,590	\$167,523 (1b)		\$340,113
Commercial	75,576	73,365	65,582 (1d)		138,947
Irrigation	0	0	0		0
Availability Billing	272,171	274,683	229,416 (1f)		504,099
Misc. Other Revenue	9,783	10,468	9,300 (1h)		19,768
Interdepartmental Sales	0	0	0		0
Billing Adj (Remove Tap Fees)	0	0	0		0
Total Revenues	538,344	531,107	471,821		1,002,928
Operating Expense:					
Wages	82,376	88,296			88,296
Benefits	5,343	3,100			3,100
Officer & Director's Fees	8,250	8,250			8,250
Sludge Disposal	0	0			0
Power	83,623	65,228			65,228
Chemicals	4,770	4,510			4,510
Supplies & Maintenance	13,999	13,288			13,288
Outside Services-Mgmt	85,682	85,682			85,682
Outside Services-Engineering	5,443	9,712			9,712
Outside Services-Accounting	1,381	1,381			1,381
Outside Services-Legal	11,589	11,589			11,589
Outside Services-Testing	10,711	10,711			10,711
Outside Services-Other	7,596	7,596			7,596
Other Operating Expenses	0	0			0
Transportation	1,378	1,225			1,225
Bad Debt	8,086	52,133	46,972 (20)		99,106
Insurance	24,161	19,456			19,456
Regulatory Commission Expense	2,130	2,130			2,130
Other A&G Expenses	21,753	21,753			21,753
Accepted ORS Adjustment	0	(15,897)			(15,897)
Total O&M Expense	378,271	390,143	46,972		437,115
Depreciation	53,328	40,532			40,532
Amortization	103,038	78,325			78,325
Revenue Taxes	3,400	4,549	4,041 (21)		8,590
Property Taxes	100,334	96,151			96,151
Payroll Taxes	6,866	6,606			6,606
State and Federal Income Taxes	0	0	96,626 (22)		96,626
Total Operating Expenses	645,237	616,306			763,944
Net Operating Income	(\$106,893)	(\$85,199)			\$238,984
Rate Base	\$3,806,971	\$3,229,125			\$3,229,125
Rate of Return	-2.81%	-2.64%			7.40%
			Revenue Increase		88.8%

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X
1	Docket No.	2014-346-WS															Schedule A-5							
2																	Page 2 of 2							
3																								
4																								
5	Daufuskie Island Utility Company, Inc.																							
6	Revenue Impact Analysis																							
7	Test Year Revenue - Proposed Rates																							
8																								
9																								
10																								
11	Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue	Increase Amt.	Increase %											REFUND	Revised			
12																				\$ (7,902.30)	Base Charge	Revenue		
13	Haig Point-Residential	3/4" Meter								1,061	\$139.98	\$148,519	\$82,641				125.4%		\$ (0.66)	(721.48)	\$	139.30	\$147,797	
14		0 to 22,500 gals.	8,360,179	\$4.03			\$33,692	\$10,617	46.0%								46.0%						\$33,692	
15		Over 22,500 gals.	3,192,728	\$4.03			\$12,867	\$4,055	46.0%								46.0%						\$12,867	
16	Haig Point-Irrigation				727			\$0	N/A															
17		0 to 18,000 gals.	8,367,838	\$4.43			\$37,070	\$13,974	60.5%								60.5%						\$37,070	
18		18,001 to 60,000 gals.	9,829,270	\$5.23			\$51,407	\$21,035	69.3%								69.3%						\$51,407	
19		Over 60,000 gals.	10,049,342	\$6.04			\$60,698	\$25,525	72.6%								72.6%						\$60,698	
20	Melrose-Residential	3/4" Meter			452	\$139.98	\$63,271	\$26,786	73.4%								73.4%		\$ (0.66)	(307.36)	\$	139.30	\$62,964	
21		0 to 22,500 gals.	4,105,940	\$4.03	N/A		\$16,547	\$16,547															\$16,547	
22		Over 22,500 gals.	2,177,808	\$4.03			\$8,777	\$3,463	65.2%								65.2%						\$8,777	
23	Melrose-Irrigation				100			\$0	N/A															
24		0 to 18,000 gals.	1,368,330	\$4.43			\$6,062	\$3,790	166.9%								166.9%						\$6,062	
25		18,001 to 60,000 gals.	2,002,230	\$5.23			\$10,472	\$7,148	215.1%								215.1%						\$10,472	
26		Over 60,000 gals.	2,986,298	\$6.04			\$18,037	\$13,080	263.9%								263.9%						\$18,037	
27	Haig Point-Commercial	Metered			106	\$195.97	\$20,773	\$11,559	125.4%								125.4%		\$ (0.96)	(103.88)	\$	194.99	\$20,669	
28		0 to 22,500 gals.	2,413,190	\$4.03			\$9,725	\$3,065	46.0%								46.0%						\$9,725	
29		Over 22,500 gals.	2,132,680	\$4.03			\$8,595	\$2,709	46.0%								46.0%						\$8,595	
30	Melrose-Commercial	Metered			329	\$195.97	\$64,475	\$19,534	43.5%								43.5%		\$ (0.96)	(322.42)	\$	194.99	\$64,153	
31		0 to 22,500 gals.	1,752,659	\$4.03			\$7,063	\$7,063															\$7,063	
32		Over 22,500 gals.	2,544,703	\$4.03			\$10,255	\$4,046	65.2%								65.2%						\$10,255	
33	Water Service Total		61,283,205		2,775		\$588,304	\$276,636	88.8%											-\$1,455			\$586,849	
34																								
35																								
36	Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue	Increase Amt.	Increase %															
37	Haig Point-Residential	3/4" Meter			1,061	\$200.30	\$212,518	\$95,405	81.5%								81.5%		\$ (0.98)	(1,039.78)	\$	199.32	\$211,479	
38		0 to 22,500 gals.	8,360,179	\$2.13			\$17,807	\$6,772	61.4%								61.4%						\$17,807	
39		Over 22,500 gals.	3,192,728	\$2.13			\$6,801	\$2,586	61.4%								61.4%						\$6,801	
40	Melrose-Residential	3/4" Meter			448	\$200.30	\$89,734	\$33,572	148.1%								148.1%		\$ (0.98)	(439.04)	\$	199.32	\$89,295	
41		0 to 22,500 gals.	3,926,008	\$2.13			\$8,362	\$8,362	N/A														\$8,362	
42		Over 22,500 gals.	2,296,390	\$2.13			\$4,891	\$827	20.3%								20.3%						\$4,891	
43	Haig Point-Commercial	Metered			102	\$280.39	\$28,600	\$10,422	57.3%								57.3%		\$ (1.39)	(141.78)	\$	279.00	\$28,458	
44		0 to 22,500 gals.	2,362,530	\$2.13			\$5,032	\$1,914	61.4%								61.4%						\$5,032	
45		Over 22,500 gals.	2,132,680	\$2.13			\$4,543	\$1,727	61.4%								61.4%						\$4,543	
46	Melrose-Commercial	Metered			329	\$280.39	\$92,248	\$47,307	105.3%								105.3%		\$ (1.39)	(457.31)	\$	279.00	\$91,791	
47		0 to 22,500 gals.	1,559,487	\$2.13			\$3,322	\$3,322	N/A														\$3,322	
48		Over 22,500 gals.	2,436,565	\$2.13			\$5,190	\$877	20.3%								20.3%						\$5,190	
49																								
50																								
51	Water Service Total		26,266,577		1,940		\$479,049	\$233,093	94.8%											-\$2,078			\$476,971	
52																								
53	REVENUE SUMMARY:																							
54	Total Residential Water and Sewer Service Revenues						\$623,786	\$311,633	99.8%								99.8%						\$621,278	
55	Total Commercial Water and Sewer Service Revenues						\$259,821	\$113,545	77.6%								77.6%						\$258,796	
56	Total Irrigation Service Revenues						\$183,745	\$84,552	85.2%								85.2%						\$183,745	
57																							\$1,063,819	
58																								
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(Caption of Case)

Application of Daufuskie Island Utility Company,
Incorporated for Approval of an Increase for
Water and Sewer Rates, Terms and Conditions

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET/NDI

NUMBER: 2014 - 346 - WS

(Please type or print) Trenholm Walker
Submitted by: _____

SC Bar Number: 5777

Address: P.O. Drawer 22247

Telephone: 843-727-2208

Charleston, SC 29413

Fax: _____

Other: _____

Email: gtw@p-tw.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition

☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input checked="" type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other: _____	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	_____	
<input type="checkbox"/> Other: _____	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		

Amended Statement of Proposed Rates

		Haig Pt. Present Rates	Melrose Present Rates	DIUC Proposed Rates
I.	<u>Residential Rates</u>			
A.	<u>Water:</u>			
1)	Tapping Fees & 3/4" Meter Box	\$500.00	\$500.00	\$500.00
2)	Base Quarterly Charge	\$62.09	\$80.72	\$149.30
3)	Consumption Charge (per 1,000 gallons)			
	0 to 22,500 gallons per quarter	\$2.76	\$0.00	\$4.41
	Over 22,500 gallons	\$2.76	\$2.44	\$4.41
B.	<u>Sewer:</u>			
1)	Tapping Fees & Service Lateral	\$500.00	\$500.00	\$500.00
2)	Base Quarterly Charge	\$110.38	\$80.72	\$218.18
3)	Volumetric Charge (per 1,000 gallons)			
	0 to 22,500 gallons per quarter	\$1.32	\$0.00	\$2.38
	Over 22,500 gallons	\$1.32	\$1.95	\$2.38
C.	<u>Irrigation:</u>			
1)	Tapping Fees & 3/4" Meter Box	\$500.00	\$500.00	\$500.00
2)	Consumption Charge (per 1,000 gallons)			
	0 to 18,000 gallons per quarter	\$2.76	\$1.66	\$4.85
	18,001 to 60,000 gallons	\$3.09	\$1.66	\$5.73
	Over 60,000 gallons	\$3.50	\$1.66	\$6.61
II.	<u>Commercial Rates</u>			
A.	<u>Water:</u>			
1)	Tapping Fees per Hotel or Inn Room	\$250.00	\$250.00	\$250.00
2)	Tapping Fees up to 1-1/2" Meter	\$500.00	\$500.00	\$500.00
3)	Tapping Fees 2" or 3" Meter	\$1,500.00	\$1,500.00	\$1,500.00
4)	Tapping Fees for 6" Meter	\$3,500.00	\$3,500.00	\$3,500.00
	Note: Larger meters on a case by case basis.			
5)	Base Quarterly Charge	\$86.93	\$136.60	\$209.01
6)	Consumption Charge (per 1,000 gallons)			
	0 to 22,500 gallons per quarter	\$2.76	\$0.00	\$4.41
	Over 22,500 gallons	\$2.76	\$1.95	\$4.41
B.	<u>Sewer:</u>			
1)	Tapping Fees per Hotel or Inn Room	\$250.00	\$250.00	\$250.00
2)	Tapping Fees 4" - 8" Sewer Pipe	\$500.00	\$500.00	\$500.00
2)	Base Quarterly Charge	\$178.21	\$136.60	\$305.45
3)	Volumetric Charge (per 1,000 gallons)			
	0 to 22,500 gallons per quarter	\$1.32	\$0.00	\$2.38
	Over 22,500 gallons	\$1.32	\$1.95	\$2.38
C.	<u>Irrigation:</u>			
1)	Tapping Fees & 3/4" Meter Box	\$500.00	\$500.00	\$500.00
2)	Consumption Charge (per 1,000 gallons)			
	0 to 18,000 gallons per quarter	\$2.76	\$1.66	\$4.85
	18,001 to 60,000 gallons	\$3.09	\$1.66	\$5.73
	Over 60,000 gallons	\$3.50	\$1.66	\$6.61

III. **Availability Rates (Quarterly)**A. Water

	\$31.05	\$76.38	\$107.49
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B. Sewer

	\$55.19	\$85.08	\$140.73
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IV. **Special Conditions**A. Tapping Fees:

Remain as in original tariff.

B. Backflow Prevention:

Remain as in original tariff.

C. System Development Charge:

Remain as in original tariff.



G. Trenholm Walker
Thomas P. Gressette, Jr.
Ian W. Freeman
John P. Linton, Jr.
Charles P. Summerall, IV

THOMAS P. GRESSETTE, JR.
Direct: 843.727.2249
Email: Gressette@WGFLAW.com

December 22, 2017

VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

RE: Daufuskie Island Utility Company, Inc. Rate Application
PSC Docket No. 2014-346-WS
Response to Commission Directive

Dear Ms. Boyd:

Pursuant to the Commission's December 20, 2017 Directive ("Directive"), DIUC submits the attached Schedules demonstrating the rate design ordered by the Directive and the resulting revenue.

The attached Schedule A-4 is the Combined Operating Statement. Schedule A-5 "Test Year Revenue - Existing Rates" demonstrates Total Operating Revenue of \$1,073,581 for the test year reflecting the adjustment by ORS witness Willie Morgan.

Schedule A-5 "Test Year Revenue - Proposed Rates" demonstrates the rates to be implemented pursuant to the Directive. These rates reflect the Commission's acceptance of ORS's positions, except for DIUC's requests for a 3-year amortization of rate case expense and to allow management fees of \$171,365. See Directive at ¶¶1 and 2. Applying the instructions of the Directive, the resulting fallout adjustments produce a revenue increase in the amount of \$955,136, which is very close to the Directive's reference to "approximately \$950,166 in additional revenues." See Schedule A-5 "Test Year Revenue - Proposed Rates" and Directive at ¶3.

Pursuant to the Directive's instructions regarding refunds, DIUC's January billing will include credits for the difference between the Directive's revenue increase of \$955,136, as shown in Schedule A-5 "Test Year Revenue - Proposed Rates") and the 108.9% increase from the Application which was implemented pursuant to SC Code § 58-5-240(D) and billed for the 5 quarters from July 1, 2016 and September 30, 2017. Pursuant to the Directive, credits will also include 12% annual interest for the period from July 1, 2016 to December 31, 2017.

December 20, 2017
Page 2 of 2

Further, pursuant to the Directive at ¶4, DIUC asks the parties to verify the rates set forth in the Schedules are consistent with the provisions of the Directive. In order for January's billings, the parties are requested to provide their confirmations via email to the undersigned **prior to Noon on December 29, 2017.**

If the Commission would like the Applicant to provide any additional information or if the parties have any questions, please contact me at 843-727-2249.

Sincerely,

/s/
Thomas P. Gressette, Jr.

Enclosures (as stated)

Copies To:
Standing Hearing Office David Butler (David.Butler@psc.sc.gov)
Andrew M. Bateman, Esq. (abateman@regstaff.sc.gov)
Jeff Nelson, Esq. (jnelson@regstaff.sc.gov)
John J. Pringle, Jr., Esq. (jack.pringle@arlaw.com)
John F. Beach, Esq. (john.beach@arlaw.com)

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Combined Operating Statement

	Company Pro Forma Proposed Rates	Revised ORS Pro Forma Proposed Rates	PSC Directive		
			Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
Operating Revenue:					
Residential	\$710,786	\$514,330	\$312,153	\$313,657	\$625,810
Commercial	287,589	241,135	146,277	114,342	260,619
Irrigation	213,238	201,180	99,193	83,860	183,053
Availability Billing	992,880	933,626	485,761	415,328	901,089
Misc. Other Revenue	63,229	46,623	30,197	27,949	58,146
Interdepartmental Sales	0	0	0	0	0
Billing Adjustments	0	1,498	0	0	0
Total Revenues	2,267,722	1,938,392	1,073,581	955,136	2,028,718
Operating Expense:					
Wages	164,752	176,590	176,590	0	176,590
Benefits	10,686	6,200	6,200	0	6,200
Director's Fees	16,500	16,500	16,500	0	16,500
Sludge Disposal	0	0	0	0	0
Power	166,718	130,181	130,181	0	130,181
Chemicals	9,510	9,020	9,020	0	9,020
Supplies & Maintenance	28,543	27,116	27,116	0	27,116
Outside Services-Mgmt	171,364	132,211	171,365	0	171,365
Outside Services-Engineering	8,013	10,137	10,137	0	10,137
Outside Services-Accounting	2,762	2,761	2,761	0	2,761
Outside Services-Legal	23,178	23,178	23,178	0	23,178
Outside Services-Testing	92,289	92,288	92,288	0	92,288
Outside Services-Other	38,622	38,621	38,621	0	38,621
Other Operating Expenses	0	0	0	0	0
Transportation	2,756	2,450	2,450	0	2,450
Bad Debt	30,852	190,127	105,383	93,778	199,161
Insurance	48,322	38,913	38,913	0	38,913
Regulatory Commission Expense	15,636	15,636	15,636	0	15,636
Other A&G Expenses	36,436	36,438	36,438	0	36,438
Accepted ORS Adjustment	0	(46,033)	(46,033)	0	(46,033)
Total O&M Expense	866,939	902,335	856,744	93,778	950,523
Depreciation	95,266	82,560	82,560	0	82,560
Amortization of Rate Case Exp	206,076	54,477	90,794	0	90,794
Amortization of Deferred Property Tax		65,855	65,855	0	65,855
Revenue Taxes	14,320	16,592	9,196	8,181	17,377
Property Taxes	192,301	192,301	192,301	0	192,301
Payroll Taxes	13,732	13,212	13,212	0	13,212
State and Federal Income Taxes	260,495	174,109	0	176,371	176,371
Total Operating Expenses	1,649,129	1,501,441	1,310,664	278,331	1,588,994
Net Operating Income	\$618,593	\$436,951	(\$237,082)		\$439,723
Rate Base	\$7,085,475	\$5,867,632	\$5,894,128		\$5,894,128
Rate of Return	8.73%	7.45%	-4.02%		7.46%
Revenue Increase	108.9%	80.6%			89.0%
Interest Expense	\$180,680	\$142,783			\$143,227
Operating Margin	19.3%	15.2%			14.6%

Notes:

- A Restored Management Fees.**
B Allows ORS's Rate Case Expense with 3 year amortization.
C Fall-out amounts impact Revenue Tax, Income Taxes, Bad Debt Expense and Working Capital rate base allowance.

Daufuskie Island Utility Company, Inc.
Revenue Impact Analysis
Test Year Revenue - Existing Rates

WATER

Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue
Haig Point-Residential	3/4" Meter			1,061	\$62.09	\$65,877
	0 to 22,500 gals.	8,360,179	\$2.76			\$23,074
	Over 22,500 gals.	3,192,728	\$2.76			\$8,812
Haig Point-Irrigation				727		
	0 to 18,000 gals.	8,367,838	\$2.76			\$23,095
	18,001 to 60,000 gals.	9,829,270	\$3.09			\$30,372
	Over 60,000 gals.	10,049,342	\$3.50			\$35,173
Melrose-Residential	3/4" Meter			452	\$80.72	\$36,485
	0 to 22,500 gals.	4,105,940	\$0.00			\$0
	Over 22,500 gals.	2,177,808	\$2.44			\$5,314
Melrose-Irrigation				100		
	0 to 18,000 gals.	1,368,330	\$1.66			\$2,271
	18,001 to 60,000 gals.	2,002,230	\$1.66			\$3,324
	Over 60,000 gals.	2,986,298	\$1.66			\$4,957
Haig Point-Commercial	Metered			106	\$86.93	\$9,215
	0 to 22,500 gals.	2,413,190	\$2.76			\$6,660
	Over 22,500 gals.	2,132,690	\$2.76			\$5,886
Melrose-Commercial	Metered			329	\$136.60	\$44,941
	0 to 22,500 gals.	1,752,659	\$0.00			\$0
	Over 22,500 gals.	2,544,703	\$2.44			\$6,209
Water Service Total		61,283,205		2,775		\$311,667

SEWER

Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue
Haig Point-Residential	3/4" Meter			1,061	\$110.38	\$117,113
	0 to 22,500 gals.	8,360,179	\$1.32			\$11,035
	Over 22,500 gals.	3,192,728	\$1.32			\$4,214
Melrose-Residential	3/4" Meter			448	\$80.72	\$36,163
	0 to 22,500 gals.	3,926,008	\$0.00			\$0
	Over 22,500 gals.	2,296,390	\$1.77			\$4,065
Haig Point-Commercial	Metered			102	\$178.21	\$18,177
	0 to 22,500 gals.	2,362,530	\$1.32			\$3,119
	Over 22,500 gals.	2,132,690	\$1.32			\$2,815
Melrose-Commercial	Metered			329	\$136.60	\$44,941
	0 to 22,500 gals.	1,559,487	\$0.00			\$0
	Over 22,500 gals.	2,436,565	\$1.77			\$4,313
Water Service Total		26,266,577		1,940		\$245,955

REVENUE SUMMARY:

Total Residential Water and Sewer Service Revenues						\$312,153
Total Commercial Water and Sewer Service Revenues						\$146,277
Total Irrigation Service Revenues						\$99,193
Total Water and Sewer Service Revenues						\$557,623
Availability Billing-Water	Haig Point			1,917	\$31.04	\$59,504
	Melrose			1,617	\$76.36	\$123,474
	Bloody Point			368	\$76.36	\$28,100
Availability Billing-Sewer	Haig Point			1,917	\$55.19	\$105,799
	Melrose			1,617	\$85.08	\$137,574
	Bloody Point			368	\$85.08	\$31,309
Total Water and Sewer Availability Revenues						\$485,761
Misc. Other Revenue	Other					
	Return Check Fees					
	Late Fees-Metered Sales					
	Late Fees-Availability					
Total Misc. Other Revenue						\$30,197

Daufuskie Island Utility Company, Inc.
Revenue Impact Analysis
Test Year Revenue - Proposed Rates

WATER								
Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue	Increase Amt.	Increase %
Haig Point-Residential	3/4" Meter			1,061	\$140.09	\$148,635	\$82,758	125.6%
	0 to 22,500 gals.	8,360,179	\$4.01			\$33,524	\$10,450	45.3%
	Over 22,500 gals.	3,192,728	\$4.01			\$12,803	\$3,991	45.3%
Haig Point-Irrigation				727			\$0	N/A
	0 to 18,000 gals.	8,367,838	\$4.41			\$36,902	\$13,807	59.8%
	18,001 to 60,000 gals.	9,829,270	\$5.21			\$51,211	\$20,838	68.6%
	Over 60,000 gals.	10,049,342	\$6.02			\$60,497	\$25,324	72.0%
Melrose-Residential	3/4" Meter			452	\$140.09	\$63,321	\$26,835	73.6%
	0 to 22,500 gals.	4,105,940	\$4.01			\$16,465	\$16,465	N/A
	Over 22,500 gals.	2,177,808	\$4.01			\$8,733	\$3,419	64.3%
Melrose-Irrigation				100			\$0	N/A
	0 to 18,000 gals.	1,368,330	\$4.41			\$6,034	\$3,763	165.7%
	18,001 to 60,000 gals.	2,002,230	\$5.21			\$10,432	\$7,108	213.9%
	Over 60,000 gals.	2,986,298	\$6.02			\$17,978	\$13,020	262.7%
Haig Point-Commercial	Metered			106	\$196.12	\$20,789	\$11,574	125.6%
	0 to 22,500 gals.	2,413,190	\$4.01			\$9,677	\$3,016	45.3%
	Over 22,500 gals.	2,132,690	\$4.01			\$8,552	\$2,666	45.3%
Melrose-Commercial	Metered			329	\$196.12	\$64,523	\$19,582	43.6%
	0 to 22,500 gals.	1,752,659	\$4.01			\$7,028	\$7,028	N/A
	Over 22,500 gals.	2,544,703	\$4.01			\$10,204	\$3,995	64.3%
Water Service Total		61,283,205		2,775		\$587,308	\$275,641	88.4%
SEWER								
Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue	Increase Amt.	Increase %
Haig Point-Residential	3/4" Meter			1,061	\$201.65	\$213,951	\$96,837	82.7%
	0 to 22,500 gals.	8,360,179	\$2.14			\$17,891	\$6,855	62.1%
	Over 22,500 gals.	3,192,728	\$2.14			\$6,832	\$2,618	62.1%
Melrose-Residential	3/4" Meter			448	\$201.65	\$90,339	\$54,177	149.8%
	0 to 22,500 gals.	3,926,008	\$2.14			\$8,402	\$8,402	N/A
	Over 22,500 gals.	2,296,390	\$2.14			\$4,914	\$850	20.9%
Haig Point-Commercial	Metered			102	\$282.31	\$28,796	\$10,618	58.4%
	0 to 22,500 gals.	2,362,530	\$2.14			\$5,056	\$1,937	62.1%
	Over 22,500 gals.	2,132,690	\$2.14			\$4,564	\$1,749	62.1%
Melrose-Commercial	Metered			329	\$282.31	\$92,880	\$47,939	106.7%
	0 to 22,500 gals.	1,559,487	\$2.14			\$3,337	\$3,337	N/A
	Over 22,500 gals.	2,436,565	\$2.14			\$5,214	\$902	20.9%
Water Service Total		26,266,577		1,940		\$482,176	\$236,221	96.0%
REVENUE SUMMARY:								
Total Residential Water and Sewer Service Revenues						\$625,810	\$313,657	100.5%
Total Commercial Water and Sewer Service Revenues						\$260,621	\$114,344	78.2%
Total Irrigation Service Revenues						\$183,053	\$83,860	84.5%
Total Water and Sewer Service Revenues						\$1,069,484	\$511,861	91.8%
Availability Billing-Water	Haig Point			1,917	\$100.86	\$193,349	\$133,845	224.9%
	Melrose			1,617	\$100.86	\$163,091	\$39,617	32.1%
	Bloody Point			368	\$100.86	\$37,116	\$9,016	32.1%
Availability Billing-Sewer	Haig Point			1,917	\$130.07	\$249,344	\$143,545	135.7%
	Melrose			1,617	\$130.07	\$210,323	\$72,749	52.9%
	Bloody Point			368	\$130.07	\$47,866	\$16,556	52.9%
Total Water and Sewer Availability Revenues						\$901,089	\$415,328	85.5%
Total Misc. Other Revenue						\$58,146	\$27,949	92.6%
Total Operating Revenue						\$2,028,719	\$955,138	89.0%

(Caption of Case)

ATTACHMENT E

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

COVER SHEET

**DOCKET/NDI
NUMBER:** _____ - _____ - _____

(Please type or print)

Submitted by: _____**SC Bar Number:** _____**Address:** _____**Telephone:** _____**Fax:** _____**Other:** _____**Email:** _____

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)☐ **Emergency Relief demanded in petition**☐ **Request for item to be placed on Commission's Agenda expeditiously**☐ **Other:** _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other: _____	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	_____	
<input type="checkbox"/> Other: _____	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		

Docket No. 2014-346-WS

Daufuskie Island Utility Company, Inc.

Tariff - Statement of Proposed Rates

			<u>Proposed Rates</u>
I. <u>Residential Rates</u>			
A. <u>Water:</u>			
1)	Base Quarterly Charge		\$139.30
2)	Consumption Charge (per 1,000 gallons)	0 to 22,500 gallons per quarter	\$4.03
		Over 22,500 gallons	\$4.03
B. <u>Sewer:</u>			
1)	Base Quarterly Charge		\$199.32
2)	Volumetric Charge (per 1,000 gallons)	0 to 22,500 gallons per quarter	\$2.13
		Over 22,500 gallons	\$2.13
C. <u>Irrigation:</u>			
1)	Consumption Charge (per 1,000 gallons)	0 to 18,000 gallons per quarter	\$4.43
		18,001 to 60,000 gallons	\$5.23
		Over 60,000 gallons	\$6.04
II. <u>Commercial Rates</u>			
A. <u>Water:</u>			
1)	Base Quarterly Charge		\$194.99
2)	Consumption Charge (per 1,000 gallons)	0 to 22,500 gallons per quarter	\$4.03
		Over 22,500 gallons	\$4.03
B. <u>Sewer:</u>			
1)	Base Quarterly Charge		\$279.00
2)	Volumetric Charge (per 1,000 gallons)	0 to 22,500 gallons per quarter	\$2.13
		Over 22,500 gallons	\$2.13
C. <u>Irrigation:</u>			
1)	Consumption Charge (per 1,000 gallons)	0 to 18,000 gallons per quarter	\$4.43
		18,001 to 60,000 gallons	\$5.23
		Over 60,000 gallons	\$6.04
III. <u>Availability Charge</u>			
A. <u>Water:</u>			
1)	Base Quarterly Charge		\$100.54
B. <u>Sewer:</u>			
1)	Base Quarterly Charge		\$128.56

Docket No. 2014-346-WS

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Combined Operating Statement

	Company Pro Forma Proposed Rates	PSC Order (a)	
		Adjustments	Pro Forma Proposed Rates
Operating Revenue:			
Residential	\$710,786	(\$86,649)	\$624,137
Commercial	287,589	(27,633)	259,956
Irrigation	213,238	(29,969)	183,269
Availability Billing	992,880	(94,562)	898,318
Misc. Other Revenue	63,229	(5,150)	58,079
Interdepartmental Sales	0	0	0
Billing Adjustments	0	0	0
Total Revenues	2,267,722	(243,963)	2,023,759
Operating Expense:			
Wages	164,752	11,838	176,590
Benefits	10,686	(4,486)	6,200
Director's Fees	16,500	0	16,500
Sludge Disposal	0	0	0
Power	166,718	(36,537)	130,181
Chemicals	9,510	(490)	9,020
Supplies & Maintenance	28,543	(1,427)	27,116
Outside Services-Mgmt	171,364	1	171,365
Outside Services-Engineering	8,013	2,124	10,137
Outside Services-Accounting	2,762	(1)	2,761
Outside Services-Legal	23,178	0	23,178
Outside Services-Testing	92,289	(1)	92,288
Outside Services-Other	38,622	(1)	38,621
Other Operating Expenses	0	0	0
Transportation	2,756	(306)	2,450
Bad Debt	30,852	168,309	199,161
Insurance	48,322	(9,409)	38,913
Regulatory Commission Expense	15,636	0	15,636
Other A&G Expenses	36,436	2	36,438
Accepted ORS Adjustment	0	(50,988)	(50,988)
Total O&M Expense	866,939	78,629	945,568
Depreciation	95,266	(12,706)	82,560
Amortization of Rate Case Exp	140,221	(49,427)	90,794
Amortization of Deferred Property Tax	65,855	0	65,855
Revenue Taxes	14,320	3,014	17,334
Property Taxes	192,301	1	192,302
Payroll Taxes	13,732	(520)	13,212
State and Federal Income Taxes	260,495	(84,153)	176,342
Total Operating Expenses	1,649,129	(65,162)	1,583,967
Net Operating Income	\$618,593	(\$178,801)	\$439,792
Rate Base	\$7,085,475	(\$1,192,338)	\$5,893,137
Rate of Return	8.73%		7.46%
Revenue Increase	108.9%		88.5%
Interest Expense	\$180,680	(\$37,477)	\$143,203
Operating Margin	19.3%		14.7%

Note (a):

- 1) Restored Water Tank Site Assets.
- 2) Restored correct level of property tax expense and amortization of deferred taxes
- 3) Restore bad debt expense to 9.82% of revenue and adjusted for revenue increase.
- 4) Restore Mgmt Fees to "As Filed" Expense
- 5) Limit Rate Case Costs allowance to ORS's level and amortized over 3 years.

Docket No. 2014-346-WS

Daufuskie Island Utility Company, Inc.

Water Operating Statement

	Company's Pro Forma Proposed Rates	PSC Order			Pro Forma Proposed Rates
		Pro Forma Present Rates	Adjustments		
Operating Revenue:					
Residential	\$146,590	\$139,563	\$144,461 (1b)		\$284,024
Commercial	72,931	72,912	48,097 (1d)		121,008
Irrigation	104,868	99,193	84,076 (1f)		183,269
Availability Billing	202,156	211,078	183,141 (1h)		394,219
Misc. Other Revenue	20,531	19,729	18,582 (1j)		38,311
Metered Sales-Other	0	0	0		0
Billing Adj (Remove Tap Fees)	0	0	0		0
Total Revenues	547,076	542,475	478,357		1,020,831
Operating Expense:					
Wages	82,376	88,295			88,295
Benefits	5,343	3,100			3,100
Officer & Director's Fees	8,250	8,250			8,250
Sludge Disposal	0	0			0
Purchased Water	0	0			0
Power	83,095	64,953			64,953
Chemicals	4,740	4,510			4,510
Supplies & Maintenance	14,544	13,828			13,828
Outside Services-Mgmt	85,682	85,682			85,682
Outside Services-Engineering	2,570	425			425
Outside Services-Accounting	1,381	1,381			1,381
Outside Services-Legal	11,589	11,589			11,589
Outside Services-Testing	81,578	81,578			81,578
Outside Services-Other	31,026	31,026			31,026
Other Operating Expenses	0	0			0
Transportation	1,378	1,225			1,225
Bad Debt	6,676	53,249	46,806 (20)		100,055
Insurance	24,161	19,455			19,455
Regulatory Commission Expense	13,506	13,506			13,506
Other A&G Expenses	14,683	14,683			14,683
Accepted ORS Adjustment	0	(30,136)			(30,136)
Total O&M Expense	472,578	466,598	46,806		513,404
Depreciation, Net	41,938	42,028			42,028
Amortization	103,038	78,325			78,325
Revenue Taxes	3,455	4,647	4,097 (21)		8,744
Property Taxes	91,967	96,151			96,151
Payroll Taxes	6,866	6,606			6,606
State and Federal Income Taxes	0	0	79,716 (22)		79,716
Total Operating Expenses	719,842	694,355	130,619		824,974
Net Operating Income	(\$172,766)	(\$151,880)			\$195,858
Rate Base	\$3,278,504	\$2,664,011			\$2,664,011
Rate of Return	-5.27%	-5.70%			7.35%
		Revenue Increase			88.2%

Daufuskie Island Utility Company, Inc.

Sewer Operating Statement

	Company's Pro Forma Proposed Rates	Pro Forma Present Rates	PSC Order Adjustments	Pro Forma Proposed Rates
Operating Revenue:				
Residential	\$180,814	\$172,590	\$167,523 (1b)	\$340,113
Commercial	75,576	73,365	65,582 (1d)	138,947
Irrigation	0	0	0	0
Availability Billing	272,171	274,683	229,416 (1f)	504,099
Misc. Other Revenue	9,783	10,468	9,300 (1h)	19,768
Interdepartmental Sales	0	0	0	0
Billing Adj (Remove Tap Fees)	0	0	0	0
Total Revenues	538,344	531,107	471,821	1,002,928
Operating Expense:				
Wages	82,376	88,296		88,296
Benefits	5,343	3,100		3,100
Officer & Director's Fees	8,250	8,250		8,250
Sludge Disposal	0	0		0
Power	83,623	65,228		65,228
Chemicals	4,770	4,510		4,510
Supplies & Maintenance	13,999	13,288		13,288
Outside Services-Mgmt	85,682	85,682		85,682
Outside Services-Engineering	5,443	9,712		9,712
Outside Services-Accounting	1,381	1,381		1,381
Outside Services-Legal	11,589	11,589		11,589
Outside Services-Testing	10,711	10,711		10,711
Outside Services-Other	7,596	7,596		7,596
Other Operating Expenses	0	0		0
Transportation	1,378	1,225		1,225
Bad Debt	8,086	52,133	46,972 (20)	99,106
Insurance	24,161	19,456		19,456
Regulatory Commission Expense	2,130	2,130		2,130
Other A&G Expenses	21,753	21,753		21,753
Accepted ORS Adjustment	0	(15,897)		(15,897)
Total O&M Expense	378,271	390,143	46,972	437,115
Depreciation	53,328	40,532		40,532
Amortization	103,038	78,325		78,325
Revenue Taxes	3,400	4,549	4,041 (21)	8,590
Property Taxes	100,334	96,151		96,151
Payroll Taxes	6,866	6,606		6,606
State and Federal Income Taxes	0	0	96,626 (22)	96,626
Total Operating Expenses	645,237	616,306		763,944
Net Operating Income	(\$106,893)	(\$85,199)		\$238,984
Rate Base	\$3,806,971	\$3,229,125		\$3,229,125
Rate of Return	-2.81%	-2.64%		7.40%
			Revenue Increase	88.8%

EXHIBIT 1, Notice of Revised Rates, 3-28-2016, Page 5 of 5

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	
1	Docket No. 2014-346-WS																								
2																									
3																									
4	Daukuskie Island Utility Company, Inc.																								
5	Revenue Impact Analysis																								
6	Test Year Revenue - Proposed Rates																								
7																									
8																									
9	Customer		Classification	Consumption		Usage Charge			Units		Base Charge		Revenue		Increase Amt.		Increase %			REFUND		Revised		Revenue	
10																									
11	Haig Point-Residential	3/4" Meter							1,061		\$139.98		\$148,519		\$82,641		125.4%		\$ (0.68)		(721.48)	\$	139.30		\$147,797
12		0 to 22,500 gals.		8,360,179		\$4.03							\$33,692		\$10,617		46.0%							\$33,692	
13		Over 22,500 gals.		3,192,728		\$4.03							\$12,867		\$4,055		46.0%							\$12,867	
14	Haig Point-Irrigation								727						\$0		N/A								
15		0 to 18,000 gals.		8,367,838		\$4.43							\$37,070		\$13,974		60.5%							\$37,070	
16		18,001 to 60,000 gals.		9,829,270		\$5.23							\$51,407		\$21,035		69.3%							\$51,407	
17		Over 60,000 gals.		10,049,342		\$6.04							\$60,698		\$25,525		72.6%							\$60,698	
18	Melrose-Residential	3/4" Meter							452		\$139.98		\$63,271		\$26,786		73.4%		\$ (0.68)		(307.36)	\$	139.30		\$62,964
19		0 to 22,500 gals.		4,105,940		\$4.03							\$16,547		\$16,547		N/A							\$16,547	
20		Over 22,500 gals.		2,177,808		\$4.03							\$8,777		\$3,463		65.2%							\$8,777	
21	Melrose-Irrigation								100						\$0		N/A								
22		0 to 18,000 gals.		1,368,330		\$4.43							\$6,062		\$3,790		166.9%							\$6,062	
23		18,001 to 60,000 gals.		2,002,230		\$5.23							\$10,472		\$7,148		215.1%							\$10,472	
24		Over 60,000 gals.		2,986,298		\$6.04							\$18,037		\$13,080		263.9%							\$18,037	
25	Haig Point-Commercial	Metered							106		\$195.97		\$20,773		\$11,559		125.4%		\$ (0.98)		(103.88)	\$	194.99		\$20,669
26		0 to 22,500 gals.		2,413,190		\$4.03							\$9,725		\$3,065		46.0%							\$9,725	
27		Over 22,500 gals.		2,132,690		\$4.03							\$8,595		\$2,709		46.0%							\$8,595	
28	Melrose-Commercial	Metered							329		\$195.97		\$64,475		\$19,534		43.5%		\$ (0.98)		(322.42)	\$	194.99		\$64,153
29		0 to 22,500 gals.		1,752,659		\$4.03							\$7,063		\$7,063		N/A							\$7,063	
30		Over 22,500 gals.		2,544,703		\$4.03							\$10,255		\$4,046		65.2%							\$10,255	
31																									
32		Water Service Total		61,283,205					2,775				\$588,304		\$276,636		88.8%				-\$1,455				\$586,849
33																									
34																									
35																									
36	Customer		Classification	Consumption		Usage Charge			Units		Base Charge		Revenue		Increase Amt.		Increase %								
37																									
38	Haig Point-Residential	3/4" Meter							1,061		\$200.30		\$212,518		\$95,405		81.5%		\$ (0.98)		(1,039.78)	\$	199.32		\$211,479
39		0 to 22,500 gals.		8,360,179		\$2.13							\$17,807		\$6,772		61.4%							\$17,807	
40		Over 22,500 gals.		3,192,728		\$2.13							\$6,801		\$2,586		61.4%							\$6,801	
41	Melrose-Residential	3/4" Meter							448		\$200.30		\$89,734		\$53,572		148.1%		\$ (0.98)		(439.04)	\$	199.32		\$89,295
42		0 to 22,500 gals.		3,926,008		\$2.13							\$8,362		\$6,362		N/A							\$8,362	
43		Over 22,500 gals.		2,296,390		\$2.13							\$4,891		\$827		20.3%							\$4,891	
44	Haig Point-Commercial	Metered							102		\$280.39		\$28,600		\$10,422		57.3%		\$ (1.39)		(141.78)	\$	279.00		\$28,458
45		0 to 22,500 gals.		2,362,530		\$2.13							\$5,032		\$1,914		61.4%							\$5,032	
46		Over 22,500 gals.		2,132,690		\$2.13							\$4,543		\$1,727		61.4%							\$4,543	
47	Melrose-Commercial	Metered							329		\$280.39		\$92,248		\$47,307		105.3%		\$ (1.39)		(457.31)	\$	279.00		\$91,791
48		0 to 22,500 gals.		1,559,487		\$2.13							\$3,322		\$3,322		N/A							\$3,322	
49		Over 22,500 gals.		2,436,565		\$2.13							\$5,190		\$877		20.3%							\$5,190	
50																									
51		Water Service Total		26,266,577					1,940				\$479,049		\$233,093		94.8%				-\$2,078				\$476,971
52																									
53	REVENUE SUMMARY:																								
54	Total Residential Water and Sewer Service Revenues																								
55	Total Commercial Water and Sewer Service Revenues																								
56	Total Irrigation Service Revenues																								
57	Total Water and Sewer Service Revenues																								
58		Availability Billing-Water		Haig Point					1,917		\$101.03		\$193,675		\$134,171		225.5%		\$ (0.49)		(939.33)	\$	100.54		\$192,735
59		Melrose							1,617		\$101.03		\$163,366		\$39,891		32.3%		\$ (0.49)		(792.33)	\$	100.54		\$162,573
60		Bloody Point							368		\$101.03		\$37,179		\$9,079		32.3%		\$ (0.49)		(180.32)	\$	100.54		\$36,999
61		Availability Billing-Sewer		Haig Point					1,917		\$129.19		\$247,657		\$141,858		134.1%		\$ (0.63)		(1,207.71)	\$	128.56		\$246,450
62		Melrose							1,617		\$129.19		\$208,900		\$71,326		51.8%		\$ (0.63)		(1,018.71)	\$	128.56		\$207,882
63		Bloody Point							368		\$129.19		\$47,542		\$16,232		51.8%		\$ (0.63)		(231.84)	\$	128.56		\$47,310
64													\$898,318		\$412,557		84.9%				-\$4,370				\$893,948
65																									
66													\$58,079		\$27,882		92.3%								\$58,079
67																									
68													\$2,023,750		\$950,169		88.5%				-\$7,903				\$2,015,847

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2014-346-WS

IN RE:)
 Application of Daufuskie Island Utility Company, Inc.)
 For Approval of a New Schedule of Rates and)
 Charges for Water and Sewer Service)

NOTICE OF
REVISED RATE SCHEDULE

On March 21, 2018, the Commission entered a Directive denying DIUC's Motion for Reconsideration of Order No. 2018-68. The Directive also included the following discussion:

... in its filing on February 4, 2018, the Company noted that, pursuant to our Order on Rehearing, it is collecting \$955,136 in additional annual revenue, rather than the \$950,166 in additional annual revenue that we approved in that Order. I move that we require the Company to make appropriate adjustments to cease the collection of the annual revenue which exceeds the authorized level of \$950,166.

Directive at 2.

DIUC submits the attached Schedules demonstrating the appropriate adjustments have been made in response to the Directive. *See Exhibit 1*. As indicated, the rates reflect the \$950,166 annual increase and refunds related to the difference between the \$955,136 total and the \$950,166 adjusted total.¹ The Schedules also demonstrate a further reduction to reflect additional refunds, with interest, for the 6 quarters for which the previous refunds were made.

The difference between the \$955,136 increase reflected in the existing rates and the adjusted \$950,166 increase is \$4,970, which for a year and a half would require a pre-interest

¹ When DIUC applied the rulings of the Commission upon rehearing, the resulting fallout adjustments produce a revenue increase in the amount of \$955,136. *See* Letter from Gressette to Honorable Jocelyn Boyd, dated and electronically filed December 22, 2017 with attached Schedule A-5 "Test Year Revenue - Proposed Rates."

refund of \$7,455, plus \$447 of interest at 12% applied to the average amount of the pre-interest refund.

The rate reductions will benefit all customers and are being applied to the Base Service Charges for connected customers and to the Availability Rates for availability customers. This will not impact the calculation of usage rates.

Because the refund with interest is so small, on average only a little over \$0.63 per quarterly bill (a range of \$0.49 to \$1.39), it is not economical to incur the administrative costs and billing system costs of including a refund for this billing then revising the entire calculation again for the next billings. Therefore, the revised rates will include a reduction for the refund for all future billings. This provides every customer with an additional credit in every billing cycle, until the next rate revision is effectuated by appeal or subsequent rate application.

Respectfully submitted,

/s/ Thomas P. Gressette, Jr.

Thomas P. Gressette, Jr.

Direct: (843)-727-2249

Email: Gressette@WGFLAW.com

G. Trenholm Walker

Direct: (843)-727-2208

Email: Walker@WGFLAW.com

WALKER GRESSETTE

FREEMAN & LINTON, LLC

Mail: PO Box 22167, Charleston, SC 29413

Office: 66 Hasell Street, Charleston, SC 29401

Phone: 843-727-2200

March 28, 2018

Charleston, South Carolina

CERTIFICATE OF SERVICE

This is to certify that on March 28, 2018, I caused to be served upon the counsel of record named below a copy of the foregoing **NOTICE OF REVISED RATE SCHEDULE**, by electronic mail, as indicated.

Standing Hearing Office David Butler (David.Butler@psc.sc.gov)

Andrew M. Bateman, Esq. (abateman@regstaff.sc.gov)

Jeff Nelson, Esq. (jnelson@regstaff.sc.gov)

John J. Pringle, Jr., Esq. (jack.pringle@arlaw.com)

John F. Beach, Esq. (john.beach@arlaw.com)

/s/ Thomas P. Gressette, Jr.

January 16, 2018

VIA EMAIL ONLY

Thomas P. Gressette, Jr., Esquire
G. Trenholm Walker, Esquire
Walker Gressette Freeman & Linton, LLC

RE: Daufuskie Island Utility Company, Inc. – Refund Calculation

Dear Mr. Gressette and Mr. Walker,

This letter describes the methodology used to calculate refunds applicable to DIUC's quarterly billings of its customers from July 1, 2016 through December 31, 2017. While I have addressed it to your office, I would ask that you make this information available to the Commission and to the parties involved in our pending rate proceeding.

The rates under DIUC's original application for a 108.9% rate increase were billed subject to refund for the billings sent to the customers beginning on or about July 1, 2016 and for subsequent quarters up to and including October 1, 2017 ("2016 Rates"). The S. C. Public Service Commission's ("PSC") Order dated December 20, 2017, permits DIUC an 89% revenue increase, which DIUC began billing on or about January 1, 2018 (January 1, 2018 Rates"). This billing includes refunds that are now due customers based on the differences between the 2016 Rates and the January 1, 2018 Rates. APPENDIX A contains a comparison of the rate structure under the January 1, 2018 Rates and the 2016 Rates as well as the Pre-Interest Refund Percentage Difference between the two rate structures. The Pre-Interest Refund Percentage Difference correlates with the dollar amount difference between the January 1, 2018 Rates and the 2016 Rates. Note that no refunds are necessary for the last quarter of 2017 because the January 1, 2018 Rates have been applied to that quarter.

A Schedule showing calculation of the Water and Sewer Availability Rate Refunds is available on DIUC's website, www.daufuskieislandutility.com. A similar schedule is also included here as APPENDIX B ("Availability Billing of Amounts Reflecting Credit Refunds Under Newly Approved Rates"). The Schedule shows the differences between the 2016 Rates and the January 1, 2018 Rates, according to the number of quarters billed. The refunds are calculated by taking the difference between the rates paid under the 2016 Rates and the January 1, 2018 Rates, multiplying the difference by the number of quarters billed in order to determine the pre-interest refund (shown as "Sum of Quarterly Difference"), and then adding interest at the percentages for the respective number of quarters billed. The pre-interest refund plus the interest amount equals the total refund (shown as "Total Refund (Credit)"). The specific charges and refunds in APPENDIX B could be provided for availability customers because availability charges are the same for each customer each quarter.

Calculating the refunds due metered customers is slightly more complex because the usage rates have varying percentage differences between the 2016 Rates and the January 1, 2018 Rates and the usage charges for each account vary according to each quarters' usage by that customer. Using the actual

billings for each customer, the percentage difference between the 2016 Base Service Charge implemented in July 2016 and the January 1, 2018 Base Service Charge rates was applied to the amount each customer paid for 2016 Base Service Charge billings. That difference is the pre-interest refund due to the customer. Similarly, for each customer the percentage difference between the 2016 Usage Rates and the January 1, 2018 Usage Rates was applied to the amount of each customer's total payments for Usage Rates in order to determine the pre-interest refund due to the customer for Usage charges for all quarters billed, and then adding interest for the respective number of quarters billed. The sum of the pre-interest refunds for the Base Service Charges and Usage Rate charges plus the interest equals the total refund.

APPENDIX C contains the calculation of the interest that was added to the pre-interest refunds, taking into account that interest for customers billed for 6 quarters from July 1, 2016 through December 31, 2017 would be higher than a customer who began taking service, for example, in the third quarter of 2017 and was therefore billed for the first time in the October 1, 2017 billing. APPENDIX C shows the specific interest calculations for customers who paid for service in 6, 5, 4, 3, 2, and 1 quarters.

Mr. Beach has asked DIUC to use a specific customer's bill to show how these calculations were made on the two accounts for that customer. APPENDIX D provides a working (live spreadsheet) copy of the specific calculation of the refund for that customer. As noted, that customer was billed for 6 quarters and the bill is calculated using the percentage refunds (credits) from APPENDIX A and the interest percentages from APPENDIX C. The calculation of the refund reflects the precise methodology described above.

We were able to work with the programmers so that our computerized billing system is able to show the total refund that reduces the current bill amount; however, the billing system just cannot show the detailed calculation of rates and interest for a customer in the way it is shown in APPENDIX D. In this instance, as with all DIUC's regularly issued bills, DIUC customers are encouraged to contact the billing office with any specific inquiries about how the rates were applied to their usage.

Because of the December 31, 2017, expiration of the bonds related to DIUC's billing of the 2016 Rates, the Commission scheduled rehearing to allow a decision before the end of 2017. With a 2017 decision DIUC would be able to proceed with a January 2018 billing (including any refunds necessary after the rehearing decision) and avoid the financial impact of a delayed billing. On December 20, 2017, the Commission entered its decision stating that the rates and revenues granted in the Order "should be shared with the other parties in the case, who should verify that said rates are consistent with the provisions of this Order." DIUC calculated the rates and revenue allowed by the Commission's decision and on December 22, 2017, DIUC provided all the parties its proposed Schedule of Rates and related revenue calculation.

A copy of DIUC's letter and the enclosed Schedules provided to all the lawyers on December 22, 2017, is attached as APPENDIX E. Schedule A-5 shows the differences between the July 2016 Rates and the January 1, 2018 Rates. Page 1 shows the Base Charge and Usage Charge then in effect. Page 2 shows the Base Charge and Usage Charge to be effective in the January 2018 billing. I do not expect the customers to be familiar with complex rate calculations, but I would like to be sure the customers know we provided this information to the POAs' lawyers in ample time before the January 2018 billing.

The final matter I am compelled to address is a correspondence dated January 8, 2018, from Mr. Doug Egly to DIUC's customers, attached as APPENDIX F. In it Mr. Egly's makes totally false accusations that DIUC did not comply with the PSC's regulations and invoiced the customers without a formal order and approved rates. Mr. Egly then states, "This being the case, the attorneys representing the three POAs involved, have asked us to **instruct members NOT to pay their water bills** until DIUC's unlawful action have been addressed." (emphasis in original) DIUC is regulated by the PSC and the SC Office of Regulatory Staff, not the attorneys acting on behalf of the POAs. DIUC was required by the PSC's December 20, 2017 Order to submit rates for the January 1, 2018 billing and, as previously stated, share that submission with the other parties, giving them an opportunity to verify that those rates were consistent with that Order. DIUC submitted rates in compliance with that Order on December 22, 2017 providing ample time for a response by the other parties. There was no response filed with the PSC before January 1, 2018, except by ORS in an email on December 27, 2017 which indicated that if it would find discrepancies after reviewing the PSC's second "full" Order, it would report them to the PSC. Since its December 20, 2017 Order to date, the PSC has not issued any directive to DIUC to delay proceeding with the January 1, 2018 billing, and has made no finding that DIUC has not been in compliance with any regulation of law.

DIUC operates relying upon a predictable cash flow anticipated based upon the historical averages of when customers pay their bills. Those averages are so important they are included in the Commission's calculation of allowed rates. The accusations in Mr. Egly's correspondence are without merit and misleading, and his instruction to customers has adversely impacted DIUC's cash flow. As the POA customers fail to pay their bills and/or delay payment, this could jeopardize DIUC's financing options as well as DIUC's ability to fund system repairs and replacements, and could create a serious risk to DIUC's ability to provide service.

In closing I would like to reaffirm DIUC's commitment to providing reliable and efficient service to its customers on Daufuskie Island. I hope that the time and effort we have put into providing these materials has resulted in a thorough explanation of how DIUC applied the Commission's December 20, 2017 decision.

Sincerely,

GUASTELLA ASSOCIATES, LLC
Manager of DIUC



John F. Guastella, President

Enclosures: APPENDICES A - F

APPENDIX A

**Daufuskie Island Utility Company, Inc.
Comparative Tariff Rates**

		<u>Billed Rates</u>		<u>Pre-Interest Refund Percentage Difference</u>
		<u>2016 Rates</u>	<u>2018 Rates</u>	
WATER				
<u>Residential</u>				
General:				
	Base Quarterly Charge	\$149.30	\$140.09	6.1688%
	Consumption Charge (per 1,000 gallons)	\$4.41	\$4.01	9.0703%
Irrigation:				
	Consumption Charge (per 1,000 gallons)			
	0-18,000 gallons per quarter	\$4.85	\$4.41	9.0722% *
	18,001-60,000 gallons	\$5.73	\$5.21	9.0750% *
	Over 60,000 gallons	\$6.61	\$6.02	8.9259% *
<u>Commercial</u>				
General:				
	Base Quarterly Charge	\$209.01	\$196.12	6.1672%
	Consumption Charge (per 1,000 gallons)	\$4.41	\$4.01	9.0703%
Irrigation:				
	Consumption Charge (per 1,000 gallons)			
	0-18,000 gallons per quarter	\$4.85	\$4.41	9.0722% *
	18,001-60,000 gallons	\$5.73	\$5.21	9.0750% *
	Over 60,000 gallons	\$6.61	\$6.02	8.9259% *
<u>Availability</u>				
	Quarterly Charge	\$107.49	\$100.86	6.1680%
SEWER				
<u>Residential</u>				
General:				
	Base Quarterly Charge	\$218.18	\$201.65	7.5763%
	Consumption Charge (per 1,000 gallons)	\$2.38	\$2.14	10.0840%
<u>Commercial</u>				
General:				
	Base Quarterly Charge	\$305.45	\$282.31	7.5757%
	Consumption Charge (per 1,000 gallons)	\$2.38	\$2.14	10.0840%
<u>Availability</u>				
	Quarterly Charge	\$140.73	\$130.07	7.5748%

* Note: An average rate of 9.02% was used for all indicated rate blocks.

APPENDIX B

Availability Billing of Amounts Reflecting Credit Refunds Under Newly Approved Rates

		<u>Quarterly Availability Billing</u>		<u>Quarterly</u>	<u>Number of</u>	<u>Sum of</u>	<u>Interest</u>		<u>Total</u>	<u>Amount Due</u>
		<u>2016 Rates</u>	<u>Jan.1, 2018 Rates</u>	<u>Difference</u>	<u>Quarters</u>	<u>Quarterly</u>	<u>Rate</u>	<u>Amount</u>	<u>Refund</u>	<u>After Credit (4)</u>
<u>6 Quarters</u>										
	Water	107.49	100.86	6.63	6	39.78	13.4%	5.33	45.11	55.75
	Sewer	140.73	130.07	10.66	6	63.96	13.4%	8.57	72.53	57.54
<u>5 Quarters</u>										
	Water	107.49	100.86	6.63	5	33.15	12.3%	4.08	37.23	63.63
	Sewer	140.73	130.07	10.66	5	53.3	12.3%	6.56	59.86	70.21
<u>4 Quarters</u>										
	Water	107.49	100.86	6.63	4	26.52	12.0%	3.18	29.70	71.16
	Sewer	140.73	130.07	10.66	4	42.64	12.0%	5.12	47.76	82.31
<u>3 Quarters</u>										
	Water	107.49	100.86	6.63	3	19.89	9.0%	1.79	21.68	79.18
	Sewer	140.73	130.07	10.66	3	31.98	9.0%	2.88	34.86	95.21
<u>2 Quarters</u>										
	Water	107.49	100.86	6.63	2	13.26	6.0%	0.80	14.06	86.80
	Sewer	140.73	130.07	10.66	2	21.32	6.0%	1.28	22.60	107.47
<u>1 Quarter</u>										
	Water	107.49	100.86	6.63	1	6.63	3.0%	0.20	6.83	94.03
	Sewer	140.73	130.07	10.66	1	10.66	3.0%	0.32	10.98	119.09

- Notes:
- (1) Based on the number of quarters a customers has been billed since the July 1,2016 billing.
 - (2) The old rates reflect increases of 107.9% and 209.9% for water and sewer, respectively, or 108.9% combined.
 - (3) The new rates reflect increases of 87.9% and 90.1% for water and sewer, respectively, or 89.0%% combined.
 - (4) Assumes no unrelated adjustments.

APPENDIX C

Application of Daufuskie Island Utility Company, Inc. for Approval Rates and Charges
South Carolina Public Service Commission Docket No. 2014-346-WS

Calculation of Interest Rates per Number of Quarters

Assumptions for a hypothetical billing:

1. A customer was billed \$200 per quarter under the original application rates beginning July 1, 2016
2. On January 1, 2018 the customer will be billed \$180 for the last quarter of 2017 and given a refund or credit of \$20 per quarter.
3. The customer made payment on each day of the day billed, except a for only customers billed for 6 and 5 quarters for which a 30 day lag was used, or and adjusted interest rate of 11%.

Total Number of Quarters	Billing Period		Pre-Interest Refund	Refund plus Interest	Interest		Total Refund
	Dates	No. of Quarters			Rate	Amount	
6	7/1/16 to 6/30/17	4	\$ 80		11%	\$ 8.80	
	7/1/17 to 12/31/17			\$ 88.80	6%	5.33	
	7/1/17 to 12/31/17	1	20		6%	1.20	
	10/1/17 to 12/31/17	1	20		3%	0.60	
			\$ 120		<u>13.3%</u> (1)	\$ 15.93	\$ 135.93
5	10/1/17 to 9/30/17		80		11%	8.80	
	10/1/17 to 12/31/17			\$ 88.80	3%	2.66	
	10/1/17 to 12/31/17		20		3%	0.60	
			\$ 100.00		<u>12.1%</u> (1)	\$ 12.06	\$ 112.06
4	1/1/17 to 12/31/17		\$ 80.00		<u>12%</u>	\$ 9.60	\$ 89.60
3	4/1/17 to 12/31/17		\$ 60.00		<u>9.0%</u>	\$ 5.40	\$ 65.40
2	7/1-17 to 12/31/17		\$ 40.00		<u>6.0%</u>	\$ 2.40	\$ 42.40
1	10/1/17 to 12/31/17		\$ 20.00		<u>3.0%</u>	\$ 0.60	\$ 20.60

Note: The percentages actually used for the refunds were 13.4% for customers billed for 6 quarters and 12.3% for 5 quarters.

ATTACHMENT F

APPENDIX D- Sample Bill Refund Calculation

last	acct_no	serv_id	rate	cc	billed 7.1.16	Billed 10.1	Billed 1.1	billed 4.1	billed 7.1	billed 10.1	Total	Qtrs	Base Charge	BC Refund	Billed Usage	New Billed Usage	Usage Refund	Bill Refund	Interest	Total Refund
Name Deleted	D-202500	D0232	SD1	\$	219.68	\$ 218.37	\$ 218.18	\$ 218.18	\$ 220.58	\$ 218.49	\$ 1,313.48	6	\$ 1,309.08	\$ 99.23	\$ 4.40	\$ 3.96	\$ 0.44	\$ 99.67	\$ 13.36	\$ 113.03
	D-202500	D032	SD1		230.20	230.15	228.91	229.98	227.53	231.89	1378.66	6	1309.08	99.23	69.58	62.56	7.02	106.24	14.24	120.48
	D-202500	D0232	WD1		614.14	149.65	149.30	149.3	153.75	149.87	1366.01	6	895.80	67.90	470.21	422.79	47.42	115.32	15.45	130.77
	D-202500	D032	WD1		171.57	171.48	169.19	171.17	166.63	174.70	1024.74	6	895.80	67.90	128.94	115.94	13.00	80.90	10.84	91.75
	D-202500	D0232	WD3		138.64	69.21	57.08	12.08	4.75	81.38	363.14	6			363.14	326.52	36.62	36.62	4.91	41.53
	D-202500	D032	WD3		34.34	113.26	76.68	56.79	42.24	19.89	343.20	6			343.20	308.59	34.61	34.61	4.64	39.25
Total Refund																				<u>\$ 536.80</u>

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Combined Operating Statement

	Company Pro Forma Proposed Rates	Revised ORS Pro Forma Proposed Rates	PSC Directive		
			Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
Operating Revenue:					
Residential	\$710,786	\$514,330	\$312,153	\$313,657	\$625,810
Commercial	287,589	241,135	146,277	114,342	260,619
Irrigation	213,238	201,180	99,193	83,860	183,053
Availability Billing	992,880	933,626	485,761	415,328	901,089
Misc. Other Revenue	63,229	46,623	30,197	27,949	58,146
Interdepartmental Sales	0	0	0	0	0
Billing Adjustments	0	1,498	0	0	0
Total Revenues	2,267,722	1,938,392	1,073,581	955,136	2,028,718
Operating Expense:					
Wages	164,752	176,590	176,590	0	176,590
Benefits	10,686	6,200	6,200	0	6,200
Director's Fees	16,500	16,500	16,500	0	16,500
Sludge Disposal	0	0	0	0	0
Power	166,718	130,181	130,181	0	130,181
Chemicals	9,510	9,020	9,020	0	9,020
Supplies & Maintenance	28,543	27,116	27,116	0	27,116
Outside Services-Mgmt	171,364	132,211	171,365	0	171,365
Outside Services-Engineering	8,013	10,137	10,137	0	10,137
Outside Services-Accounting	2,762	2,761	2,761	0	2,761
Outside Services-Legal	23,178	23,178	23,178	0	23,178
Outside Services-Testing	92,289	92,288	92,288	0	92,288
Outside Services-Other	38,622	38,621	38,621	0	38,621
Other Operating Expenses	0	0	0	0	0
Transportation	2,756	2,450	2,450	0	2,450
Bad Debt	30,852	190,127	105,383	93,778	199,161
Insurance	48,322	38,913	38,913	0	38,913
Regulatory Commission Expense	15,636	15,636	15,636	0	15,636
Other A&G Expenses	36,436	36,438	36,438	0	36,438
Accepted ORS Adjustment	0	(46,033)	(46,033)	0	(46,033)
Total O&M Expense	866,939	902,335	856,744	93,778	950,523
Depreciation	95,266	82,560	82,560	0	82,560
Amortization of Rate Case Exp	206,076	54,477	90,794	0	90,794
Amortization of Deferred Property Tax		65,855	65,855	0	65,855
Revenue Taxes	14,320	16,592	9,196	8,181	17,377
Property Taxes	192,301	192,301	192,301	0	192,301
Payroll Taxes	13,732	13,212	13,212	0	13,212
State and Federal Income Taxes	260,495	174,109	0	176,371	176,371
Total Operating Expenses	1,649,129	1,501,441	1,310,664	278,331	1,588,994
Net Operating Income	\$618,593	\$436,951	(\$237,082)		\$439,723
Rate Base	\$7,085,475	\$5,867,632	\$5,894,128		\$5,894,128
Rate of Return	8.73%	7.45%	-4.02%		7.46%
Revenue Increase	108.9%	80.6%			89.0%
Interest Expense	\$180,680	\$142,783			\$143,227
Operating Margin	19.3%	15.2%			14.6%

Notes:

- A Restored Management Fees.**
B Allows ORS's Rate Case Expense with 3 year amortization.
C Fall-out amounts impact Revenue Tax, Income Taxes, Bad Debt Expense and Working Capital rate base allowance.

Daufuskie Island Utility Company, Inc.
Revenue Impact Analysis
Test Year Revenue - Existing Rates

ELECTRONICALLY FILED - 2018 April 30 4:04 PM PINGRESS Docket # 2014-346-WS at page 9 of 11

WATER						
Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue
Haig Point-Residential	3/4" Meter			1,061	\$62.09	\$65,877
	0 to 22,500 gals.	8,360,179	\$2.76			\$23,074
	Over 22,500 gals.	3,192,728	\$2.76			\$8,812
Haig Point-Irrigation				727		
	0 to 18,000 gals.	8,367,838	\$2.76			\$23,095
	18,001 to 60,000 gals.	9,829,270	\$3.09			\$30,372
	Over 60,000 gals.	10,049,342	\$3.50			\$35,173
Melrose-Residential	3/4" Meter			452	\$80.72	\$36,485
	0 to 22,500 gals.	4,105,940	\$0.00			\$0
	Over 22,500 gals.	2,177,808	\$2.44			\$5,314
Melrose-Irrigation				100		
	0 to 18,000 gals.	1,368,330	\$1.66			\$2,271
	18,001 to 60,000 gals.	2,002,230	\$1.66			\$3,324
	Over 60,000 gals.	2,986,298	\$1.66			\$4,957
Haig Point-Commercial	Metered			106	\$86.93	\$9,215
	0 to 22,500 gals.	2,413,190	\$2.76			\$6,660
	Over 22,500 gals.	2,132,690	\$2.76			\$5,886
Melrose-Commercial	Metered			329	\$136.60	\$44,941
	0 to 22,500 gals.	1,752,659	\$0.00			\$0
	Over 22,500 gals.	2,544,703	\$2.44			\$6,209
Water Service Total		61,283,205		2,775		\$311,667
SEWER						
Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue
Haig Point-Residential	3/4" Meter			1,061	\$110.38	\$117,113
	0 to 22,500 gals.	8,360,179	\$1.32			\$11,035
	Over 22,500 gals.	3,192,728	\$1.32			\$4,214
Melrose-Residential	3/4" Meter			448	\$80.72	\$36,163
	0 to 22,500 gals.	3,926,008	\$0.00			\$0
	Over 22,500 gals.	2,296,390	\$1.77			\$4,065
Haig Point-Commercial	Metered			102	\$178.21	\$18,177
	0 to 22,500 gals.	2,362,530	\$1.32			\$3,119
	Over 22,500 gals.	2,132,690	\$1.32			\$2,815
Melrose-Commercial	Metered			329	\$136.60	\$44,941
	0 to 22,500 gals.	1,559,487	\$0.00			\$0
	Over 22,500 gals.	2,436,565	\$1.77			\$4,313
Water Service Total		26,266,577		1,940		\$245,955
REVENUE SUMMARY:						
Total Residential Water and Sewer Service Revenues						\$312,153
Total Commercial Water and Sewer Service Revenues						\$146,277
Total Irrigation Service Revenues						\$99,193
Total Water and Sewer Service Revenues						\$557,623
Availability Billing-Water	Haig Point			1,917	\$31.04	\$59,504
	Melrose			1,617	\$76.36	\$123,474
	Bloody Point			368	\$76.36	\$28,100
Availability Billing-Sewer	Haig Point			1,917	\$55.19	\$105,799
	Melrose			1,617	\$85.08	\$137,574
	Bloody Point			368	\$85.08	\$31,309
Total Water and Sewer Availability Revenues						\$485,761
Misc. Other Revenue	Other					
	Return Check Fees					
	Late Fees-Metered Sales					
	Late Fees-Availability					
Total Misc. Other Revenue						\$30,197
Total Operating Revenue						\$1,073,581

Daufuskie Island Utility Company, Inc.

Revenue Impact Analysis

Test Year Revenue - Proposed Rates

WATER

Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue	Increase Amt.	Increase %
Haig Point-Residential	3/4" Meter			1,061	\$140.09	\$148,635	\$82,758	125.6%
	0 to 22,500 gals.	8,360,179	\$4.01			\$33,524	\$10,450	45.3%
	Over 22,500 gals.	3,192,728	\$4.01			\$12,803	\$3,991	45.3%
Haig Point-Irrigation				727			\$0	N/A
	0 to 18,000 gals.	8,367,838	\$4.41			\$36,902	\$13,807	59.8%
	18,001 to 60,000 gals.	9,829,270	\$5.21			\$51,211	\$20,838	68.6%
	Over 60,000 gals.	10,049,342	\$6.02			\$60,497	\$25,324	72.0%
Melrose-Residential	3/4" Meter			452	\$140.09	\$63,321	\$26,835	73.6%
	0 to 22,500 gals.	4,105,940	\$4.01			\$16,465	\$16,465	N/A
	Over 22,500 gals.	2,177,808	\$4.01			\$8,733	\$3,419	64.3%
Melrose-Irrigation				100			\$0	N/A
	0 to 18,000 gals.	1,368,330	\$4.41			\$6,034	\$3,763	165.7%
	18,001 to 60,000 gals.	2,002,230	\$5.21			\$10,432	\$7,108	213.9%
	Over 60,000 gals.	2,986,298	\$6.02			\$17,978	\$13,020	262.7%
Haig Point-Commercial	Metered			106	\$196.12	\$20,789	\$11,574	125.6%
	0 to 22,500 gals.	2,413,190	\$4.01			\$9,677	\$3,016	45.3%
	Over 22,500 gals.	2,132,690	\$4.01			\$8,552	\$2,666	45.3%
Melrose-Commercial	Metered			329	\$196.12	\$64,523	\$19,582	43.6%
	0 to 22,500 gals.	1,752,659	\$4.01			\$7,028	\$7,028	N/A
	Over 22,500 gals.	2,544,703	\$4.01			\$10,204	\$3,995	64.3%
Water Service Total		61,283,205		2,775		\$587,308	\$275,641	88.4%

SEWER

Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue	Increase Amt.	Increase %
Haig Point-Residential	3/4" Meter			1,061	\$201.65	\$213,951	\$96,837	82.7%
	0 to 22,500 gals.	8,360,179	\$2.14			\$17,891	\$6,855	62.1%
	Over 22,500 gals.	3,192,728	\$2.14			\$6,832	\$2,618	62.1%
Melrose-Residential	3/4" Meter			448	\$201.65	\$90,339	\$54,177	149.8%
	0 to 22,500 gals.	3,926,008	\$2.14			\$8,402	\$8,402	N/A
	Over 22,500 gals.	2,296,390	\$2.14			\$4,914	\$850	20.9%
Haig Point-Commercial	Metered			102	\$282.31	\$28,796	\$10,618	58.4%
	0 to 22,500 gals.	2,362,530	\$2.14			\$5,056	\$1,937	62.1%
	Over 22,500 gals.	2,132,690	\$2.14			\$4,564	\$1,749	62.1%
Melrose-Commercial	Metered			329	\$282.31	\$92,880	\$47,939	106.7%
	0 to 22,500 gals.	1,559,487	\$2.14			\$3,337	\$3,337	N/A
	Over 22,500 gals.	2,436,565	\$2.14			\$5,214	\$902	20.9%
Water Service Total		26,266,577		1,940		\$482,176	\$236,221	96.0%

REVENUE SUMMARY:

Total Residential Water and Sewer Service Revenues						\$625,810	\$313,657	100.5%
Total Commercial Water and Sewer Service Revenues						\$260,621	\$114,344	78.2%
Total Irrigation Service Revenues						\$183,053	\$83,860	84.5%
Total Water and Sewer Service Revenues						\$1,069,484	\$511,861	91.8%
Availability Billing-Water	Haig Point			1,917	\$100.86	\$193,349	\$133,845	224.9%
	Melrose			1,617	\$100.86	\$163,091	\$39,617	32.1%
	Bloody Point			368	\$100.86	\$37,116	\$9,016	32.1%
Availability Billing-Sewer	Haig Point			1,917	\$130.07	\$249,344	\$143,545	135.7%
	Melrose			1,617	\$130.07	\$210,323	\$72,749	52.9%
	Bloody Point			368	\$130.07	\$47,866	\$16,556	52.9%
Total Water and Sewer Availability Revenues						\$901,089	\$415,328	85.5%
Total Misc. Other Revenue						\$58,146	\$27,949	92.6%
Total Operating Revenue						\$2,028,719	\$955,138	89.0%

Page 11 of 12

Thank you,

Doug Egly, CEO



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Our email address is:

comment@haigpoint.com